



# The Accountant

Official Publication

of the North Carolina Society of Accountants

Post Office Box 1126, Conover, NC 28613

828-695-2520 or 866-755-NCSA FAX: 828-695-2522

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## A Message From The President

Rhonda H. Marsh



Rhonda H. Marsh

### Greetings,

Spring has arrived. The flowers are in bloom, the grass is growing, and all the while we are working diligently to complete all the work around us. The beauty of *Spring* will truly appear for us, following a few days of rest after April 15<sup>th</sup>. It is so refreshing to be able to be outside after being indoors for so long. I hope you each get a chance to rest and visit with your family.

The Society has a busy spring and summer planned for all. We hope that you will come and support your NCSA Society this year in the coming events. The first event will be the NCSA Board of Directors meeting May 22<sup>nd</sup> at Four Seasons in Greensboro. All members are invited to attend; it is *your* Society; and the Officers and Board of Directors are here to serve you.

Spring Professional Accounting Seminar (PAS) will be held May 23<sup>rd</sup> and May 24<sup>th</sup> at the Sheraton Greensboro at Four Seasons. We are very excited to present **Gear Up, Inc.**, to the NCSA. Gear Up, Inc., is one of the nations finest educational providers. Our speakers will be Bill Leonard, CPA, and Joe Santoro, CPA. Please see the enclosed brochure, and plan now to attend.

The Annual Convention will be June 26<sup>th</sup> through June 28<sup>th</sup> in Myrtle Beach, SC, at the Kingston Plantation. There will be a time for business, fellowship, good food, and lots of fun. Sunday will be arrival, President's Reception, and Nominating Committee time. There will *not* be a Pre-Convention Board of Directors meeting. Monday will be educational CPE, golf, explore Myrtle Beach, and Theme Night. Tuesday will be Business Session, Past Presidents' Luncheon, and Installation Banquet. Wednesday morning will be Post-Convention Board of Directors Breakfast. President Elect Florence W. Black of Fayetteville will be installed on Tuesday Night as the new NCSA President for 2005-2006. We hope you can join us in this very exciting and important event.

As The North Carolina Society of Accountants, Inc., our purpose is to help promote professionalism, promote education in accountancy and taxation, to protect the interest of the non-certified accountants of North Carolina, and to uphold honorable relations between the accounting profession and the general public. As a member of this Society and as an accountant in the great State of North Carolina we are privileged. We need your help in the continued effort to fulfill the plans of our great forefathers and to protect your Profession. Support *your* Society, Support *your* Profession, Support *your* Livelihood.

AS UNCLE SAM SAYS "WE NEED YOU."  
'COME JOIN US IN THE UP COMING EVENTS' ...UNTIL THEN....

## Chapter News

### Hickory

The February meeting of the Hickory Chapter was held at the Olive Garden in Hickory, February 28, 2005. The chapter discussed tax issues including the new sales tax deduction, changes in NC forms and problems members have encountered. Seven members and 3 guests attended.

The March meeting was held at Fuddrucker's in Hickory on March 28, with 7 members and 1 guest in attendance. Denise Hammond was the featured speaker. She spoke on the IRS expansion of e-file services, gave some guidance on the sales tax deduction and the clean fuel deduction, and discussed the new requirement that a social security card be presented to renew a driver's license, and much more.

The next meeting will be May 30, 2005, with the place to be announced.

### Cape Fear

The February 21<sup>st</sup> meeting was held at the Brass Lantern in Dunn, NC. This was a joint meeting with the Raleigh Chapter. John S. Ayers, CPA, spoke on accounting for corporate liquidations. Eighteen members and 2 guests attended from the Cape Fear Chapter and 11 people represented the Raleigh Chapter.

The March meeting will be held on March 21, 2005. The speaker will be Debbie Todd, Cumberland County Tax Audit Supervisor, discussing property tax listings.

An after tax season celebration is being planned for April 30, 2005. The chapter will go to Sweetwater's Grill & Cheesecake Company for a meal and then to the Rudy Theater for their regular show.

### Burlington

The February meeting of the Burlington Chapter was held on the 24<sup>th</sup>, with 8 members and 1 guest in attendance. This was an open discussion meeting. Members discussed various tax problems.

The March meeting will be at Kimber's Restaurant on March 24, 2005. The speaker will be Dr. Keith Wells, who will discuss stress management and well being.

### Piedmont

Piedmont Chapter met on February 24, 2005, at Canterbury's Restaurant in High Point. There were 7 members and 4 guests present. David Hooker discussed the new tax laws, followed by a round-table discussion on current tax season issues.

### Raleigh

A joint meeting was held with the Cape Fear chapter on February 21, 2005. Eight members and 4 guest represented the Raleigh chapter. John Ayers spoke on corporate liquidations, providing detailed steps with examples.

The March meeting will be held on March 22, 2005, and will feature a general discussion of tax problems.

**NEWS IS A FLEETING THING. WE CAN ONLY REPORT WHAT WE ARE TOLD. PLEASE MAKE SURE YOUR CHAPTER IS SHARING WITH THE ACCOUNTANT.**

Please e-mail information to [lsheehan@hci.net](mailto:lsheehan@hci.net) or fax to 828-438-8111.

### Convention Program Advertising

**\$25.00 Business Card size**  
Great for that special touch  
In Memory of /In Honor of  
Or just toot your own horn.

Other space available  
Full – 120.00 – ½ 65.00 – ¼ 45.00  
Inside covers 150.00

Call ED @ 866-755-6272 for more information

### Spring PAS

*The Spring PAS will be at the Sheraton  
Four Seasons in Greensboro on  
May 24-25. To make reservations for a  
room, call the hotel directly at (336) 292-  
9161 and mention NCSA to get the group  
rate.*

## Tax-Exempt Workshops

Registration is open for the IRS Workshops for Small and Mid-sized Tax-Exempt Organizations. The 8 hour workshop, offered this spring and summer in Charlotte (June 28, 29, or 30); Houston (April 19, 20, or 21); Fort Lee, NJ (April 26, 27, or 28); San Francisco (May 10, 11, or 12); Cleveland (May 24, 25, or 26); and Arlington, VA (June 21, 22, or 23), provides an overview of tax-exempt status and continues with more in-depth discussions of activities that can jeopardize 501(c)(3) status, unrelated business income and gaming, employment issues, recordkeeping and disclosures, and an overview of Form 990.

The cost of the workshop is \$30 per participant which includes all books and reference materials. Space is limited. To view the workshop schedule, go to [this web site](#). To register on line, go the [registration web site](#).

## NC Residents Selected for IRS Taxpayer Advocacy Panel

The IRS announced that two North Carolina residents were selected recently by the Treasury Department to serve on the nationwide Taxpayer Advocacy Panel (TAP). Panel members listen to taxpayers, identify issues and make suggestions for improving IRS service and customer satisfaction.

Lillian (Beadsie) Woo, of Durham, is one of 103 volunteers selected as a panel member. Woo will represent local taxpayers as well as work on national issues. Woo, a Senior Program Manager at CFED in Durham, said that TAP gives taxpayers the opportunity to raise issues about the U.S. tax system. "In my two year appointment to TAP, I will represent the concerns of NC taxpayers and work to resolve issues that affect all taxpayers," she said. Woo is serving on the Earned Income Tax Credit (EITC) Committee.

Paul L. McElroy, of Winston Salem, is a registered professional engineer in NC and VA. Since his retirement from Raytheon Engineers & Construction in 2000, McElroy has been conducting technical training and consulting for companies. McElroy said the reason he volunteered for TAP was he wanted to use his skills to help improve part of our government. "I've seen examples of how TAP has made improvements to a more efficient and friendlier IRS, and I hope to help add to those accomplishments," he said. McElroy is serving as the Co-Vice Chair of the TAP Area 2 Committee and serving on the Multi-Lingual Issue Committee.

TAP members devote 300 to 500 hours yearly to the panel. Members work with IRS executives on priority topics and also serve as a conduit for grassroots issues between the public and the IRS. Some of the professions represented on the panel include attorneys, retirees, teachers, accountants, professors, military, small business owners, and one former state legislator.

Taxpayers can contact Lillian (Beadsie) Woo, Paul L. McElroy, and the Taxpayer Advocacy Panel by calling 1-888-912-1227 or via the Internet at [www.improveirs.org](http://www.improveirs.org). Taxpayers also can write to the Panel at: Taxpayer Advocacy Panel, 1000 South Pine Island Road, Suite 340, Plantation, FL 33324.

## Retirement Plan Changes

In TD 9169, the IRS announced several changes to retirement plans. Here are two of them that are effective in 2006, although plans that conform can begin now.

The first is a SIMPLE 401(k). This is an alternative way to satisfy the nondiscrimination tests for small employers. It combines some of the best features of the 401(k) and the SIMPLE IRA.

The second change is that, beginning in 2006, 401(k) plans are permitted to allow employees to designate their contributions as Roth contributions. These will be subject to taxation under the rules applicable to Roth IRAs.

Stay tuned; details to follow.

## Penalties Under New Section 6707A

In Notice 2005-11, the IRS alerts taxpayers of new regulations under Section 6707A of the IRC added by *The American Jobs Creation Act of 2004*.

This new section provides a penalty of \$10,000 in the case of a natural person and \$50,000 in other cases for failure to include information with respect to a reportable transaction other than a listed transaction (see the law for the list). For failure to report a listed transaction, the penalty is \$100,000 for a natural person and \$200,000 in any other case. The Commissioner can rescind all or any portion of the penalty only if the violation relates to a listed transaction **and** the rescission would promote compliance with the IRC and effective tax administration.

This is effective for returns and statements the due date for which is after October 22, 2004.

## Honda Vehicles Certified for Clean-Fuel Vehicle Deduction

The IRS has certified the model year 2005 Honda Insight, the Honda Civic Hybrid, and the Honda Accord Hybrid as eligible for the clean-fuel vehicle deduction. This certification means that taxpayers who purchase one of these hybrid vehicles new may claim a tax deduction of up to \$2,000 on Form 1040.

Under the recently signed *Working Families Relief Act of 2004*, the clean-burning fuel deduction is up to \$2,000 for certified vehicles first put into service in 2004 and 2005. The deduction will be limited to \$500 for vehicles placed in service in 2006. No deduction will be allowed after 2006.

This one-time deduction must be taken in the year the vehicle is originally used. The taxpayer must be the original owner. Individuals do not have to itemize deductions on their tax return to claim this deduction. This benefit can be taken as an adjustment to income on the Form 1040.

## Address Changes for 2004 Individual Returns

For tax year 2004, the mailing changes affect returns, with or without payments, from Connecticut and Virginia and for returns with payments for Arizona and Utah. Returns should be sent to the IRS:

- ◇ From Connecticut without payments to Kansas City, MO,
- ◇ From Connecticut with payments to St. Louis, MO,
- ◇ From Virginia without payments to Fresno, CA, and
- ◇ From Arizona, Utah, and Virginia with payments to San Francisco, CA.

Taxpayers who e-file are not affected by these changes.

## IRS Unveils Redesigned Employment Tax Return

The IRS unveiled the redesign of the employment tax return Form 941, *Employer's Quarterly Federal Tax Return*. The simplified form should help businesses, tax practitioners, and payroll companies avoid common errors as well as reduce the burden associated with completing and filing Form 941.

The redesigned form features an improved layout, plain language instructions, simplified deposit reporting, and paid preparer identification. The form also is scan able, which the IRS expects will reduce transcription errors.

The Form 941 is used to report wages, tips and other compensation paid, as well as Social Security, Medicare, and income taxes collected.

The Office of Taxpayer Burden Reduction led an IRS team in the redesign. External stakeholders from the payroll tax community provided input. The revision also reflects information gathered from the public and feedback from focus group participants.

The form is available on IRS.gov. Printed copies of the form and instructions are also available by calling the IRS at 1-800-829-3676. Available on-line, Form 941, *Employer's Quarterly Federal Tax Return*, at <http://www.irs.gov/pub/irs-pdf/f941.pdf> (which can be downloaded and filled out using the Adobe program) and instructions for Form 941 at <http://www.irs.gov/pub/irs-pdf/i941.pdf> (all 8 pages).

## Convention Information

**Plan your beach trip now** in conjunction with the NC Society of Accountants Annual Convention! The NC Society of Accountants will hold its annual convention June 26-28 at the Kingston Plantation, in Myrtle Beach, South Carolina. Special group room rates are available as follows:

*(All rooms in the group block are in the Brighton Tower)*

One bedroom ocean view guestroom: \$119 per night single or double  
Two bedroom ocean view Condo: \$159 per night single or double  
Three bedroom ocean view Condo: \$189 per night single or double

The above rates will only be available until May 19, 2005. **Make your reservations early, this room block is expected to sell out fast!** Once this block is sold regular rates will prevail *if* rooms are available.

Make your room reservations by contacting the hotel at 1-800-EMBASSY (362-2779) and mention you are with the NCSA group.

## Tools for Tax Professionals

The IRS has added a useful page of links for tax professionals. If you can't find it here, it probably isn't on their web site. Go to [www.irs.gov](http://www.irs.gov) and click on "Tax Professionals" on the left side of the screen. Then look for "Basic Tool for Tax Professionals."

## IRS Expands Access to e-Services Products

The IRS has expanded the number of tax professionals who can use its suite of e-Services incentive products. The expansion meets high demand and requests from tax professionals to use these valuable online tools.

Effective immediately, tax professionals who e-file any combination of five or more accepted individual and business tax returns in a calendar year can use these e-Services products: Disclosure Authorization, Electronic Account Resolution (EAR), and Transcript Delivery (TDS).

When first launched in the summer of 2004, the e-Services incentive products were reserved for those who e-filed 100 or more individual returns.

Eligible tax professionals can complete disclosure authorization forms, view and modify existing forms, all online. Disclosure Authorization allows tax professionals to electronically submit Form 2848, *Power of Attorney and Declaration of Representative*; and Form 8821, *Tax Information Authorization*. Disclosure Authorization expedites processing and issues a real-time acknowledgement of accepted submissions. Form 8655, *Reporting Agent Authorization for Magnetic Tape/Electronic Filers*, may not be submitted using Disclosure Authorization.

Tax professionals using EAR can resolve clients' account problems quickly by electronically sending and receiving inquiries about individual or business account problems, refunds, installment agreements, missing payments, or notices. Tax professionals must have a power of attorney (Form 2848 only) on file before inquiring into a client's account. Responses are delivered to a secure electronic mailbox within three business days. Use Disclosure Authorization to submit the Form 2848 to the IRS. Form 8655 authorizations may not be used to access EAR at this time.

TDS resolves clients' need for return and account information quickly in a secure, online session. It allows eligible tax professionals, with a power of attorney (Form 2848 only) on file, to request and receive account transcripts, wage and income transcripts, tax return transcripts, and verification of non-filing letters for individual taxpayers and account transcripts for business taxpayers. Use Disclosure Authorization to submit the Form 2848 to the IRS. Form 8655 authorizations may not be used to access TDS at this time.

## Check NC Refunds

North Carolina taxpayers now have the option of checking the status of their NC individual income tax refund using the Department of Revenue's website. Go to the website at [www.dor.stat.nc.us/index.html](http://www.dor.stat.nc.us/index.html) and click on "Where's My Refund?" You will be prompted to enter your Social Security number and the expected refund amount.

## Constitution and Bylaws Committee

*Bill Fischer, Chairman*

The following Bylaw changes will be submitted at the Annual Convention:

1. Bylaws, Article VII, Section 1(a). Change the name of the Audit Committee to the Review Committee.

The Constitution and Bylaws Committee does not support this change. The Audit Committee is named for its highest level of attest although it is now only performing reviews. Keeping the name at its highest level is best for the future, especially in the event it is called on to do an audit.

2. Bylaws, Article I, Section 14 (b). Add "Affiliate" to the list of members who do not have voting privileges. (This is a "housekeeping change" as it was overlooked when Affiliate membership was added to the Bylaws at the 2004 Convention.)

3. Bylaws, Article I, Section 3. Rewrite this section to: "Associate Membership shall be granted to those persons who do not qualify as Full Members and furnish three character references." This section of the Bylaws currently reads: Associate Members: Associate Membership shall be granted to those persons who qualify in any one of the following subsections and furnish three character references:

Persons who do not qualify as Full Members.

Employees of accounting firms who do not qualify as Full Members.

(Paragraphs (a) and (b) of this section say basically the same thing. Another "housekeeping change")

**NORTH CAROLINA SOCIETY OF ACCOUNTANTS  
 58TH ANNUAL CONVENTION  
 KINGSTON PLANTATION/ HILTON AND EMBASSY SUITES RESORT  
 CHARLOTTE, NORTH CAROLINA  
 JUNE 26- 28, 2005**

Name of Advertiser: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Telephone: \_\_\_\_\_

This contract by and between the North Carolina Society of Accountants and \_\_\_\_\_ shall be for the printing of advertising in the convention program for the 58th Annual Convention of the North Carolina Society of Accountants.

The advertiser agrees to the following:

1. Advertising shall be received in camera-ready form for printing. Any ad received which is not in this form will be returned for re-submission in the proper form.
2. All advertising will be paid in full prior to printing.
3. All advertising must be received at the below address, in proper form and with payment, prior to May 27, 2005. If advertising is received after this date, it will be returned to the advertiser and will NOT be included in the program for this convention.

Advertising Rates:

Business Card Size	\$ 25.00	_____
1/4 Page Ad	\$ 45.00	_____
1/2 Page Ad	\$ 65.00	_____
Full Page Ad	\$120.00	_____
Inside Front Cover	\$150.00	_____
Inside Back Cover	\$150.00	_____

The undersigned, being in agreement with the terms and conditions of this contract, shall conform to all terms and conditions as set forth above.

Per: \_\_\_\_\_

Date: \_\_\_\_\_

Please mail this signed contract with camera-ready advertising and remittance to:

North Carolina Society of Accountants, Convention,  
 Post Office Box 1126,  
 Conover, North Carolina 28613  
 Telephone: (866) 755-6272

**ALL INFORMATION MUST BE RECEIVED PRIOR TO MAY 27, 2005.**

Presented by  
***Gear Up Inc.***

**Seminar Schedule**

**Day 1, Monday, May 23, 2005**

8:15-4:45

- Review of Rule Changes 2003-2004
- Ethics Update 2003-2004
- Tax Basis Financial Planning
- Guidelines for full and no-disclosure financial statements-tax basis
- Financial Statement Analysis

**Day 2, Tuesday, May 24**

8:15-4:45

- GAAP Basis Financial Statement Preparation Update
- Guidelines for full and no-disclosure GAAP Basis financials
- The New Fraud Rules
- The accounting practice and its management for quality
- Peer Review Update and Major findings
- Non Traditional Engagements

**Sheraton Four Seasons Hotel  
Greensboro, North Carolina**

For reservations call **336-292-9161** and mention the **group code ACCE22** to get the special rate of **\$104 per night. This special hotel rate will only be available until 4/22/05.**

*Please visit  
[www.ncsainc.org](http://www.ncsainc.org)  
for more complete meeting and  
registration*

***Spring  
Professional  
Accounting  
Seminar***

**The North Carolina Society of Accountants is sponsoring**

**“America’s Most  
Exciting and Practical  
Accounting Seminar”**

***About Our Speakers***

**Bill Leonard, CPA** - Bill has been a self employed tax and accounting practitioner since 1982, with offices in Norwood, MA. His nine employee firm focuses on topics dealing with corporations, individuals, estate, and collection procedures. With an MBA, he has 15 years of college level teaching experience. Bill is a member of both the AICPA and the NSA. Bill received his licenses to practice from the state of Florida and Massachusetts.

**Joe Santoro, CPA** - Joe is a sole practitioner from Wolfeboro, New Hampshire. He has an MBA and is an adjunct professor of accounting at a New Hampshire college. Joe also is a Certified Valuation Analyst. He is Chairman of the Peer Review Committee for the National Society of Accountants. In 1998, Joe was presented with NSA's National Speaker of the Year award. Joe received his license to practice from the state of New Hampshire.

**Registration**

	<u>Before April 22</u>	<u>After April 23</u>
Member	\$299	\$349
Non-Member	\$329	\$379

Please complete this registration form and return it to the NCSA Office: P.O. Box 1126, Conover, NC 28613: FAX: 828-695-2522: Phone 866-755-6272

\_\_\_\_\_Member    \_\_\_\_\_Non-Member

Name \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Telephone \_\_\_\_\_

Method of Payment:

\_\_\_Check –Make Payable to NCSA  
\_\_\_Visa                    \_\_\_MC \_\_\_AE

Amount being Paid: \_\_\_\_\_

Credit Card # \_\_\_\_\_

Billing Address of Card \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

# NCSA Schedule of Events

## 2005

May 6 –**District IV Networking Meeting**—Holiday Inn,  
Jekyll Island, Georgia

May 7-8—**Low Country Tax Release**—Holiday Inn,  
Jekyll Island, Georgia

May 22—**Board of Directors meeting**—Four Seasons, Greensboro

May 23-28—**NSA Serving Aging America Seminar**—  
Las Vegas, NV

May 23-24—**Spring PAS**—Four Seasons, Greensboro

June 26-28—**Annual Convention**—Kingston Plantation,  
Myrtle Beach, SC

July 23—**Leadership & Committee Conferences**,  
Ramada Inn Airport, Greensboro

October 28—**Tax Forum**  
Ramada Inn Airport, Greensboro 9 am—3 pm

## 2006

June 25-28— **Annual Convention**  
Wilmington Hilton Riverside

## 2004-2005 OFFICERS

**PRESIDENT – RHONDA H. MARSH**  
1807 Morgan Hill Road  
Monroe, NC 28110  
704-289-5155

**PRESIDENT-ELECT – FLORENCE W. BLACK**  
P.O. Box 53488  
Fayetteville, NC 28305-3488  
910-484-3800

**VICE-PRESIDENT – WAYNE O. PARKER**  
3617 Old Lexington Road  
Winston Salem, NC 27107  
336-784-4160

**SECRETARY – STEPHEN METELITS**  
77 Fearrington Post  
Pittsboro, NC 27312  
919-933-0724

**TREASURER – JANICE L. JONES**  
P.O. Box 24577  
Winston Salem, NC 27114-4577  
336-768-8333

**IMMEDIATE PAST PRESIDENT – JAN H. ALLISON**  
P.O. Box 1111  
Black Mountain, NC 28711-1111  
828-669-8784

**ASSOCIATION OFFICE**  
Candace Cansler, Executive Director  
866-755-NCSA(6272) toll-free  
828-695-2520 (v) 828-695-2522 (f)

**THE ACCOUNTANT EDITOR – STEPHEN METELITS**  
metelits@usa.net

North Carolina Society of Accountants  
Post Office Box 1126  
Conover, NC 28613  
[www.ncsainc.org](http://www.ncsainc.org) *Address Service Requested*