



The Accountant

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Mark Your Calendar

NCSA Annual Convention
June 21-22, 2009
Hilton Riverside
Wilmington
Registration
Details Coming
Soon

A Message From The President

Denise J. Hammond



Denise J. Hammond

Well 2009 is here, ready or not. Hope you all had a Merry Christmas and that your new year will be a great one. My year as your President is half over, and hopefully I have not let anyone down in their expectations. The next Board meeting will be in May in my home town of Le-noir; then convention in Wilmington.

This month some of the officers and board members along with the Legislative Committee will be attending a Legislative Reception in Raleigh. This committee is always working to keep in touch with our representatives, thus helping to protect the rights of Accountants in North Carolina.

J.R. Lawson is working on his plans for next year, and I know he will be calling on a few of you to assist him. Please keep NCSA and our future as Accountants high on your list of volunteer duties. If you do not get a call but would be willing to help in some area, just let JR know.

Educational opportunities are in the planning stages. If anyone has a suggestion, please send me an e-mail, and I will forward to the current and future education chairs.

On a personal note, my son Matthew returned to the US from Iraq on Dec. 16th and was home for Christmas; and then got married on Jan. 3rd.

NCSA brochures and/or registration forms are available on the Calendar page of our web site at www.ncsainc.org.

Chapter News

Cape Fear

The Christmas Social was held on December 2 at Big Dawg's Burgers & Fries in Fayetteville. Twelve members and six guests attended. NCSA Past President Stephen Metelits spoke on NC Tax Changes.

The next meeting will be on January 19 at the Brass Lantern in Dunn. NCSA Secretary Bill Fischer will speak on rental real estate and foreclosures.

Central

The annual Christmas meeting was held at the Sagebrush Steakhouse in Asheboro on December 8. Six members and five guests attended. Christmas dinner and the dirty Santa game were enjoyed by all. Margie Strider's nephew, Andy, spoke on Honesty and Integrity in Business.

The next meeting will be on Monday, January 26, in Greensboro at the Pavilion Restaurant.

Charlotte

The Chapter Christmas Party was at the home of Ben and Jense Creighton on December 15. Reps from NC Dept of Revenue will speak at the January 26, 2009, meeting.

Hickory

The Chapter Christmas Party was on December 15 at O'Charley's.

The next meeting will be on Monday, January 26.

Raleigh

The January meeting will be on Tuesday, January 27, at Manchesters Grill in Raleigh. NCSA Past President Stephen Metelits will speak on changes to NC tax laws.

Sanford

Sanford Chapter met at the office of Elizabeth Kelly on December 16. NCSA Past President Stephen Metelits spoke on N.C. Tax Changes.

Western

The annual Christmas gathering was on December 18 at Allison's Diner in Black Mountain.

The Western Chapter is saddened by the December 22nd passing of their dear friend and member, Jeanne Nicholson.

The next meeting will be on January 27. Topic of discussion will be North Carolina Updates.

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 taxpros@nc.rr.com or fax to 910-867-1757.

Personal Postings

Pat Pittillo

Okay! We are all organized for the new tax season, right? All our plans are made, personnel hired, and software installed. If you have been in business more than six months, you know that what *can* go wrong, *will* go wrong just as we are the busiest. Update your backups. Remember a few years back when **Lynanne Gray**'s computers crashed during tax time? And she didn't shoot the clients, the computers, or herself! Amazing....I'm sure you know that **Wayne Parker**'s mother, Bernell, passed away three months ago. We know that it was a tough holiday season for you Wayne and Sue....Longtime member **Jeanne Nicholson** passed away December 22. Our sympathy goes out to her family....Send your news items to patacnt@asheboro.com or fax to (336) 626-0072.

Required Minimum Distribution

By April 1 of the year following the year you turn 70½ and every year thereafter, you must take a minimum distribution from your retirement accounts (not including Roth IRAs). This amount is determined by the value of your retirement accounts on December 31 of the previous year divided by your life expectancy (as determined by the IRS) or your joint life expectancy if your spouse is more than 10 years different from your age.

Because of the declining value of investments, Congress passed HR 7327, *Technical Corrections Related to the Pension Protection Act of 2006*, and the President signed it into law in December. According to Title II of the act, the Required Minimum Distribution is not enforced for 2009. People over 70 who do not need the money can cancel their distribution for 2009.

Last Minute Tax Update

William Fischer

Jennings Seminars is offering a 2 hour “Last Minute Tax Update” webinar on Monday, January 19, at 11 am. This is a live streaming webcast available for only \$69. Learn in the comfort of your office while in a classroom setting. NCSA members get a discount by signing up through the NCSA Members Only web page.

Tax Return Preparer Penalty

As you should have learned in tax class for this season, IRS Notice 2009-5 reminds us of changes in the tax preparer penalty rules. The latest changes come from the *Tax Extenders and Alternative Minimum Tax Relief Act of 2008*.

A position is treated as unreasonable unless:

1. There is or was substantial authority for the position, or
2. The position was properly disclosed and had a reasonable basis.

The Act’s change in the general standard to substantial authority is retroactive for returns prepared after May 25, 2007. Rev. Proc. 2009-11 makes it effective for all tax returns, amended returns, employment and excise tax returns, and advice.

If the position taken is disclosed, all that is needed to avoid the preparer penalty is that the position had a reasonable basis.

There is substantial authority for a position if the taxpayer is the subject of a “written determination”. In the case of the return preparer, however, a written determination with a misstatement or omission of material fact is substantial authority unless the return preparer knew or should have known of the misstatement or omission of material fact when the return was filed.

Notwithstanding, there is substantial authority for a position if the position is supported by controlling precedent or a US Court of Appeals to which the taxpayer has a right of appeal with respect to the position. Finally, there is substantial authority for a position only if there is substantial authority on the date the return is deemed prepared or there was substantial authority on the last day of the taxable year to which the return relates.

Nevertheless, a tax return preparer is considered to have met the standard if the tax return preparer relies in good faith and without verification on the advice of another advisor, tax return preparer, or other party.

Pub 17

The 2008 version of Pub 17, *Your Federal Income Tax*, is available for download at www.irs.gov/pub/irs-pdf/p17.pdf. It contains more than 900 links. At 299 pages, it is a long download. You can get one free printed copy (without interactive links) by calling the IRS at (800) TAX-3676.

Pub 17 has been updated with important changes for 2008, including information on the new recovery rebate credit, new first-time home buyer credit, and an additional standard deduction for real estate taxes. It has been published annually for more than 65 years.

As in prior years, the publication provides information on how to file an individual tax return, what to include as income, how to calculate capital gains and losses, how IRAs and other expenses can affect how much income to report, whether to take the standard deduction or itemize, and how to figure taxes and credits.

Accident & Health Plans

Notice 2007-2 from the IRS provides that after December 31, 2008, health FSA and HRA *debit* cards may *not* be used at stores with the Drug Stores and Pharmacies merchant category code unless:

1. The store participates in the inventory information approval system
2. Or on a store-by-store location basis, 90% of the store's gross receipts during the prior taxable year consisted of items which qualify as expenses for medical care.

For transactions using debit cards at stores that meet the 90% rule above, employers must treat all charges to the debit card as conditional pending substantiation of the charges through additional independent third-party information describing the goods or services, the date of the service or sale, and the amount of the charge.

Notice 2008-104 postpones the start of this requirement by six months so that, after June 30, 2009, health FSA and HRA debit cards may not be used at stores with the Drug Stores and Pharmacies merchant category code unless the requirements of 1 or 2 above are satisfied.

NSA Benefit

The cost of accepting credit card payments just got less expensive for NSA members. That's because the recommended processing company, Midwest Transaction Group, has leveraged the size of the growing NSA processing portfolio to secure an even lower rate for participating NSA members.

The new lower qualified swiped processing rate of 1.69% + 20¢ a transaction took effect November 1, 2008, and was extended to all participating NSA members, regardless of processing volume.

Don't lose clients to another firm because it accepts credit card payments and you don't. Call Midwest Transaction Group today toll-free at (888) 599-2209 to find out how easy it is to get started.

And, for a limited time, Midwest transaction Group will make it even easier for you to get started offering NSA members a \$150 processing terminal for just \$59. As an added bonus, you also can make this offer to your clients so they can start to save too. Just have them mention your company name when calling Midwest Transaction Group for a free, no-obligation quote.

New Form 7004

The instructions for the new Form 7004, *Application for Automatic Extension of Time to File*, are available. A separate form must be filed for each return for which you are requesting an extension of time to file.

The new form is divided into three parts. Depending on the extension being requested, complete Part I or Part II. Regardless of the choice made, all filers will complete Part III.

For Forms 1065, 1041, and 8804, the automatic extension period has been reduced to only 5 months. This is requested on line 1a of Part I.

Form 8928, *Return of Certain Excise Taxes*, has been added to the list of returns which can use Form 7004 to request a 6 month extension of time to file.

Enrolled Agent Check

Now there is a way to check on the status of an Enrolled Agent. It long has been a complaint of banks and other institutions that there was no way to verify that an Enrolled Agent is, in fact, enrolled and in good standing.

To find the status of an Enrolled Agent, send an e-mail to the IRS Detroit office at epp@irs.gov or call the Detroit office at (313) 234-1280. Another alternative is to send an e-mail to the Office of Professional Responsibility at opr@irs.gov. In either case, be sure to include the full name of the individual along with their address.

Free Phone Forum

The next IRS Phone Forum is January 21 and 28 at 8 am. The topic is "Return Preparer Penalties Under IRC 6694." The forum is free and lasts an hour.

Register at the [AT&T TeleConference Service](#). Reservations are limited. You will receive a PIN to join the conference. If you have never registered with AT & T for a prior phone forum, you will first need to click on "create a profile."

NCSA Schedule of Events

2009

January 14–NCSU Introductory Tax–
McKimmon Center, Raleigh, 8:30

May 16–Board of Directors meeting–
Optimist Club, Lenoir, NC

June 21–Board of Directors meeting–
Hilton Riverside, Wilmington

June 21-22–NCSA Convention–Hilton Riverside, Wilmington

November 2-3–Jennings 1040 Tax

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