



# The Accountant

*Official Publication*

*of the North Carolina Society of Accountants*

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## **President's Acceptance Speech**

*Florence W. Black*

*At the 58th NCSA Convention*



**Florence W. Black**

Well, here we are at the end of a good year, looking forward to what I hope will be an even better year. I thank Rhonda Marsh, her line officers, the Board of Directors, the various committees, and the members for the support they gave to make this past year an effective one for the North Carolina Society of Accountants. I truly thank the membership for the honor given to this year's line officers, Board of Directors, and me as your newly elected President. We will try our best to live up to the honor and trust you have extended to us. Already, many of you have agreed to work on various committees, and I thank you for your willingness to serve the NCSA.

Although calling the names of all the people that I would like to thank for helping me prepare for this position of trust would be too time consuming, I want everyone to know that I am very grateful to many individuals for their encouragement and advice. My greatest fear is that I will not be able to function on the level that they obviously think I can. I thank all the past Presidents, especially the ones who continue to work and support the NCSA and its programs. Again, I am very grateful to those of you who have agreed to work on the various committees that actually keep our organization alive and well. I thank the associates in my office. They are not just coworkers; they are my best friends. I do not want to call the names of any individuals because I am afraid of forgetting or slighting someone. However, I want everyone to know that I would not be here, nor would I have agreed to be here, if I had not received the help and promise of continuing support of many of you.

For the benefit of our guests, associate members, new members, and prospective members that may not know much about the North Carolina Society of Accountants, I want to give you a quick review of its history. Twenty-nine uncertified accountants formed the NCSA on July 24, 1947, in Charlotte. The original goals of the NCSA cited by the charter members include the following:

- ◆ To increase the standards of the accounting profession;
- ◆ To develop public goodwill and, therefore, add to the prestige of the profession;
- ◆ To attain legal recognition and the protection of just and fair regulations;
- ◆ To develop good fellowship and emphasize the importance of fair play within the profession; and,
- ◆ To establish and maintain a code of ethics.

*(continued on page 3)*

## Chapter News

### Hickory

The June meeting was a cook-out at the home of Ken & Colene Cockrell in Taylorsville on June 18. Nine members and 15 guests enjoyed the lake, good food and the hospitality of our hosts.

### Cape Fear

The June meeting will be on Monday, June 20, at the Barn Restaurant. David Hooker will speak on Quality Review.

### Burlington

The next meeting is scheduled for April 28, 2005.

### Raleigh

The next meeting will take place on Tuesday, September 27, with the topic to be announced.

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 [ifgacct@bellsouth.net](mailto:ifgacct@bellsouth.net) or fax to 828-438-8111.

## District IV

### Wanda Goodson

The North Carolina Society of Accountants will graciously host the Fall District IV networking meeting. It will be held in conjunction with NCSA's annual Tax Forum with the IRS on October 28 in Greensboro. Those attending the networking meeting will meet informally for cocktails around 5 pm with a 6 pm group dinner at a nearby restaurant.

The District IV meeting will start Saturday at 9 am and should end around lunchtime. We welcome anyone who is interested to attend.

## New Officers and Board

Elected at the Convention in Myrtle Beach were: Wayne Parker, President-Elect; Stephen Metelits, Vice President; Ronald Powell, Secretary; and Denise Hammond, Treasurer. Florence Black, elected President-Elect at last year's Convention, now is President.

Elected to the Board of Directors were: Clinton Bryan, Gail Champie, Lynanne Gray, Dean Gunter, David Hooker, Curt Lee, Lottie, Neal, Steve Pace, Robert Pia, Pat Pittillo, Margie Strider, and Dorothy Tyson.

## Leadership Conference and Committee Day

### Vice President Stephen Metelits

All chapter officers are invited to the Leadership Conference. All committee chairs are invited to Committee Day. They run together at the Ramada Airport Greensboro starting at 9:30 a.m. on July 23. I promise you should be home before dark. By the way, lunch is included.

Please let Candace know that you are coming so we can get enough food for everyone.

## Personal Postings

### Pat Pittillo

Convention was a blast! All you party poopers who didn't attend missed out on a great vacation/convention/banquet/location...**Ron Powell** was at Convention when he got a phone call to report to Fort Bragg the next day. Lt. Col. Powell (USAF) was asked to attend President Bush's speech at Fort Bragg on June 28. Ron missed the installation service Tuesday night but was properly installed as our new state Secretary the next day...Congrats also to **Denise Hammond** on her election as our state Treasurer. Both Ron and Denise will be moving up the line...**Janice Jones** closed her practice in Winston-Salem and has opened a new practice in Georgia. Stay in touch, Janice...25 year certificates were awarded to **Carolyn Crayton, Linwood Braswell, and Braxton Langdon**. **Johnie Black** got a 50 year certificate. Fifty is a memorable number, Johnie...**Erma Reynolds** and Ray Woodfin will be celebrating their first anniversary in August. Erma waited a long time before tying the knot again and reeled in a really sweet guy. Congratulations, Erma Reynolds-Woodfin.....Send your news items to [patacct@asheboro.com](mailto:patacct@asheboro.com) or fax to (336) 626-0072.

## President's Acceptance Speech

(continued from page 1)

About ten months after being chartered under the laws of North Carolina, NCSA members were notified that they were in violation of the North Carolina Accountancy Act and that they must immediately shut down their practices. For about four years, these original members worked long, tedious hours with the North Carolina legislature and obtained the legal status that we present members now enjoy. The Accountancy bill that they won for non-certified accountants was signed into law on April 10, 1951, *only five days before income tax forms were due! Some things have not changed!*

I am grateful for what our predecessors accomplished, and I recognize the significance of their work for present-day practitioners. Our present-day goals basically are the same as the original ones. As our profession continues to evolve, we must keep pace with it as we strive to maintain high standards, preserve public goodwill and prestige for the profession, enjoy good fellowship, ensure fair play within the profession, and constantly assess our code of ethics. Although we now have legal recognition, we must work hard to safeguard the right to practice accounting "without restriction in North Carolina." Just as the original twenty-nine and their successors prepared the way for us, we must keep the way open for those that follow us.

Your newly elected line officers, Board of Directors, committee members, and I will work hard to keep the NCSA moving forward to maintain the respect it now enjoys from local, state, and federal agencies. Our combined efforts and support from the membership will benefit the organization, which, in turn, will assist the members in reaching their goals. Again this year, the NCSA will offer seminars that will provide you, the members, opportunities to increase your personal funds of knowledge in accounting and tax preparation and to improve your practice management skills. We will get the best instructors available to fulfill the needs you have for the coming year. Notice that I said *instructors*, not *consultants*. The instructors we have at *our* seminars have personal experience in their related fields; consultants usually do not. Consultants can be helpful, but a consultant often is a person who takes the watch off *your* wrist and tells you the time. Hopefully, if you have received an Enrolled Agent and/or Accreditation Council for Accountancy and Taxation certification, the educational opportunities offered by NCSA will help you obtain the hours you will need to maintain your credentials. Furthermore, our seminars will provide those who are not seeking any continuing education credit hours for certification renewals with information and techniques that will help you develop your practice to whatever level you want.

In addition to the continuing education opportunities, we want to continue to improve the communication among members. Networking among the members is one of the best advantages of an organization like ours. A plethora of knowledge exists among our members. We will work with Ms Cansler to find ways to access and share information about any difficult situations that any member may encounter.

In conclusion, I encourage all current members and prospective members to read the history of the North Carolina Society of Accountants. Even a casual reading of it will give you some sense of the amount of time and effort that was spent in formulation and developing this great organization. You can share its heritage and pride by being an active member. You can participate to any degree of involvement you choose. First, I hope that you will attend all the meetings you can at your local chapters. Secondly, I hope that you will begin to feel comfortable enough to volunteer to serve on some committees at the local and state levels. Thirdly, I hope that you will support the activities of your local chapters and the activities, seminars, and the convention of the state organization. Fourthly, I hope that you will volunteer for one or more of the NCSA's committees, serve on the Board of Directors, and eventually go on the line as an officer of NCSA.

Looking into the unknown of this new year, I am very proud and even more humbled to stand before you tonight as your President. I joined the NCSA in 1977. In the past twenty-eight years, I have served in various capacities, but to me the task that lies before me is an overwhelming one. However, with God's help, with the help and cooperation of this line of officers and Board of Directors, and with the support of this membership, I will be able to perform the duties of the office with which you have honored me.

**Thank you. May God bless all of you.**

## Charitable Contributions of Vehicles

Notice 2005-44 provides interim guidance on the contribution of vehicles to charitable institutions. It contains rules for determining the amount that a donor may deduct for the charitable contribution of a vehicle. The vehicle can be a motor vehicle manufactured primarily for use on public streets, a boat, or an airplane, but it does not include any property primarily held for sale to customers.

The donor must obtain a contemporaneous written acknowledgement from the donee organization and include the acknowledgement with the tax return on which the deduction is claimed. All acknowledgements must include the name and taxpayer identification number of the donor, the vehicle identification number, and the date of the contribution. Additional information must be included depending on the use of the vehicle by the donee.

For a contribution of a vehicle that is sold by the donee organization without any significant intervening use or material improvement by the donee organization, the notice also must contain the date the vehicle was sold, a certification that the qualified vehicle was sold in an arm's length transition between unrelated parties, a statement of the gross proceeds from the sale, and a statement that the deductible amount may not exceed the amount of the gross proceeds. The acknowledgement is contemporaneous if the donee furnishes the acknowledgement no later than 30 days after the sale of the vehicle.

For a contribution of a vehicle for which the donee organization intends a significant intervening use or material improvement, the acknowledgement also must contain a certification and detailed description of the intended significant use by the donee and the intended duration of the use or the intended material improvement by the donee, and a certification that the vehicle will not be sold before completion of the use or improvement. The acknowledgement is considered contemporaneous if the donee furnishes the acknowledgement within 30 days of the date of the contribution.

For contribution of a vehicle sold at a price significantly below fair market value, the acknowledgement also must contain a certification that the donee will sell the vehicle to a needy individual at a price significantly below fair market value and that the sale will be in direct furtherance of the donee organization's charitable purpose of relieving the poor and distressed or the underprivileged who are in need of a means of transportation. This acknowledgement is contemporaneous if the donee organization furnishes the acknowledgement no later than 30 days after the date of the contribution.

For contribution of a vehicle of a value of at least \$250 but not more than \$500, it must be substantiated by a contemporaneous written acknowledgement of the contribution by the donee. For a vehicle with a claimed value of at least \$250 but not more than \$500, the acknowledgement must contain the following information: the amount of cash and a description (but not value) of any property other than cash contributed; whether the donee provided any goods or services in consideration for the cash or property contributed; and a description and good faith estimate of the value of any goods or services provided by the donee in consideration for the contribution, or, if such goods or services consist solely of intangible religious benefits, a statement to that effect. The acknowledgement is considered contemporaneous if obtained by the donor on or before the earlier of the date on which the donor files a return for the taxable year in which the contribution was made or the due date (including extensions) of that return.

For contribution of a vehicle the sale of which yields \$500 or less without any significant intervening use or material improvement by the donee, the donor may be allowed a deduction equal to the lesser of the fair market value of the vehicle on the date of the contribution or \$500. Under these circumstances, the donor must substantiate the fair market value and, if the fair market value is \$250 or more, must substantiate the contribution with an acknowledgement from the donee similar to those discussed above.

A donor claiming a deduction for the fair market value of a vehicle must be able to substantiate the fair market value. A reasonable method of determining the fair market value of a vehicle is by reference to an established used vehicle pricing guide. The IRS intends to issue regulations clarifying that the dealer retail value listed in a used vehicle pricing guide is not an acceptable measure of fair market value. The regulations will clarify that the measure of the fair market value of a vehicle, for contributions made after June 3, 2005, and before the date regulations become effective, is an amount not in excess of the price listed in a used vehicle pricing guide for a private party sale.

A qualified appraisal is required for a deduction in excess of \$5,000 for a vehicle if the deduction is not limited to gross proceeds from the sale of the vehicle.

To constitute a significant intervening use, a donee organization actually must use the vehicle to substantially further the organization's regularly conducted activities, and the use must be significant. Incidental use by an organization is not significant intervening use. For this purpose, use by the donee organization includes use of the vehicle to provide transportation on a regular basis for a significant period of time or significant use directly related to instruction in vehicle repair. However, use the donee organization does not include use of the vehicle to provide training in general business skills, such as marketing and sales.

Material improvement includes a major repair or improvement that improves the condition of the vehicle in a manner that significantly increases the value. Cleaning, minor repairs, and routine maintenance are not considered material improvements. To be a material improvement of a vehicle, the improvement may not be funded by an additional payment to the donee from the donor of the vehicle. Services that are not considered material improvements include application of paint or other types of finishes (such as rust proofing or wax), removal of dents and scratches, cleaning or repair of upholstery, and installation of theft deterrent devices.

## 2005 TAX PROFESSIONALS SEMINARS

Did you have a successful filing season? As a busy tax professional, it is important to get an early start on the next filing season, to make sure it is even more successful! **In the IRS press release issued on April 28, 2005, over 66 million tax returns had been filed electronically. This was an over 10 percent increase in e-filing.**

The IRS believes that your organization is a part of this sweeping trend. We have spoken with many of you and have found that while e-file is good, it can be better. The IRS recently introduced the availability of e-Services to include Transcript Delivery (TDS), Electronic Account Resolution (EAR), and Disclosure Authorization (DA). We hosted several seminars giving you some general information about each system and how it would benefit your organization. Now we would like the opportunity to walk you through the use of these systems. We have scheduled several seminars that will show you, step by step, how to access and use the three incentive services. Regardless of your level of e-service expertise, the 2005 Tax Professional Seminar will provide valuable information on moving your business forward.

The IRS Taxpayer Education and Communication offices in Charlotte and Greensboro are sponsoring Tax Professional Seminars on August 10<sup>th</sup> and August 16<sup>th</sup>. The seminars are designed to educate tax practitioners on many important IRS topics such as:

- ◆ Access and successful use of the e-Service incentives: EAR, TDS, and DA
- ◆ Highlights of e-Service and e-File Updates for Tax Year 2005
- ◆ Circular 230 discussion
- ◆ Updates from your Taxpayer Advocate

The seminars begin at 9 am and end at 3:30 p.m. Enrolled Agents and Certified Public Accountants (subject to approval by your state board) can earn Continuing Professional Education (CPE) Credits.

Attendance at this no cost seminar is available on a **first-come basis**. Space is limited so call today! To register, send e-mail (*preferred method*) with your name, business name, street address, city, state, zip code and phone/fax number to [Evette.Davis@irs.gov](mailto:Evette.Davis@irs.gov) (Charlotte), [Eugenia.Tabon@irs.gov](mailto:Eugenia.Tabon@irs.gov) (Jamestown), or by faxing the enclosed registration form to:

Internal Revenue Service, SBSE, TEC  
Attention: Evette Davis, Seminar Coordinator  
(704) 566-5395

<i>Wednesday, August 10, 2005</i> <i>9:00 a.m. – 3:30 p.m.</i>	<i>Tuesday, August 16, 2005</i> <i>9:00 a.m. – 3:30 p.m.</i>	
Guilford Tech Comm. College Jamestown Campus Sears Applied Tech. Center Auditorium 601 High Point Road Jamestown, NC 27282	Central Piedmont Comm. Col. 3210 West Campus Drive West Campus Auditorium near (airport) Charlotte, NC	
Registration Deadline: Friday, August 5, 2005	Registration Deadline: Friday, August 12, 2005	

## Toyota Highlander Hybrid Certified for the Clean-Fuel Deduction

The IRS has certified the model year 2006 Toyota Highlander Hybrid as being eligible for the clean-burning fuel deduction. This certification means that taxpayers who purchase one of these hybrid vehicles new during calendar year 2005 may claim a tax deduction of up to \$2,000 on Form 1040.

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

Federal law allows individuals to claim a deduction for the incremental cost of buying a motor vehicle that is propelled by a clean-burning fuel. By combining an electric motor with a gasoline-powered engine, these hybrid vehicles obtain greater fuel efficiency and produce fewer emissions than similar vehicles powered solely by conventional gasoline-powered engines.

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 is taken as an adjustment to income on the Form 1040.

The amount of the deduction for Highlander Hybrid was set after the manufacturer, Toyota Motor Sales, U.S.A., Inc., documented for the IRS the incremental cost related to the vehicle's electric motor and related equipment.

## Sales Tax Holiday

For 2005, the annual sales tax holiday will begin at 12:01 a.m. of Friday, August 5, and end at 11:59 p.m. on Sunday, August 7. There are several changes that will be effective for the 2005 holiday.

Form E-599H, *North Carolina Sales Tax Holiday Exemption Certificate*, no longer is required to document the sale of a computer with a sales price of \$1,000 or more. For purposes of the sales tax holiday, a computer includes a central processing unit, monitor, keyboard, mouse, and speakers since those items are deemed necessary in the operation of the computer. If a retailer sells a computer, monitor, keyboard, mouse, speakers, printer, or other peripherals as a package, the price of the printer and peripherals must be stated separately on the invoice and tax charged on the printer and peripherals. The monitor, keyboard, mouse, and speakers are exempt when sold with the computer provided the combined sales price does not exceed \$3,500.

There is an all-inclusive list of items that qualify as "school supplies" for purposes of the holiday. Only the following items are exempt from tax as school supplies during the holiday:

Binders, book bags, calculators, cellophane tape, clay and glazes, blackboard chalk, compasses, composition books, crayons, erasers, folders (expandable, pocket, plastic, and manila), glue (including paste and paste sticks), handheld electronic schedulers, highlighters, index cards and card boxes, legal pads, lunch boxes, markers, notebooks, paper (loose leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper), paints (acrylic, tempora, and oil), pencil boxes (and other school supply boxes), pencil sharpeners, pencils, pens, protractors, reference books, reference maps and globes, rulers, scissors, sketch and drawing pads, textbooks, watercolors, workbooks, and writing tablets.

Specifically not exempt are novels and other similar books which may be used for extracurricular reading, surge protectors, and computer peripherals including web/PC cameras, scanners, and external drives even if sold with a CPU. Network cards, internal drives, and additional memory are not peripherals but considered part of a computer.

## IRS to Close Some Taxpayer Assistance Centers

The IRS announced in IR-2005-63 that it plans to close a portion of its Taxpayer Assistance Centers as part of the agency's continuing efforts to create efficiencies, modernize operations, and reduce costs while maintaining its commitment to taxpayer service.

The IRS currently operates 400 Taxpayer Assistance Centers (TACs) that provide walk-in service for taxpayers. The agency will close 68 of those locations this fall following an extensive review. The decision was based on an objective model that weighed five criteria with multiple components, including workload considerations, geographic factors, demographics, employee costs, and facility costs.

The closures reflect fundamental changes in how taxpayers file their taxes and access tax information. In recent years, the use of IRS.gov and e-filing increased rapidly, while face-to-face interactions with taxpayers declined. This year, the majority of tax returns were filed electronically, marking the first time in history that e-filing outpaced paper returns.

Adjusting the number of TAC sites will allow the IRS to focus on activities that provide the most efficient services. At the same time, taxpayers will still have access to a variety of IRS services, either by phone, through IRS.gov and from neighboring TAC offices, and IRS volunteer tax assistance programs. As the IRS is modernizing how taxpayers receive service, the agency remains committed to improving service and meeting the needs of taxpayers.

"We've made significant improvements in service in recent years. The walk-in sites are our most costly service vehicle, and we find taxpayers prefer to use our toll-free phone lines where their questions can be routed to subject matter experts," said IRS Commissioner Mark Everson. "Like most other federal agencies, we're being asked to create efficiencies and be responsible with taxpayers' dollars. Using objective criteria, we're creating these efficiencies where they'll have the least impact on good service."

Out of 2,300 employees who operate the TACs nationwide, fewer than 450 employees are located in the affected centers. As the agency's budget allows, qualifying employees may be offered early out retirements and buyouts. Most employees should be entitled to priority placement for other jobs within the IRS and other Treasury bureaus.

North Carolina	Greensboro	320 Federal Place
North Carolina	Wilmington	3904 Oleander Drive

## Highway Use Tax Installment Payment Option Eliminated

The IRS reminded truckers and other owners of heavy highway vehicles that the installment option for paying the federal highway use tax will no longer be available. This change was included in the *American Jobs Creation Act of 2004* and applies to filers of Form 2290, *Heavy Highway Vehicle Use Tax Return*.

Beginning with the Form 2290 for the tax year that begins on July 1, 2005, and ends on June 30, 2006, the balance due shown on the form must be paid in full by the due date of the return. In most cases, the deadline for filing the return and paying any tax due is August 31. Payment can be made by check, money order, or electronically through the Electronic Federal Tax Payment System (EFTPS).

In previous years, taxpayers who timely filed Form 2290 could choose to pay the tax in up to four equal installments. Ordinarily, these installment payments were due on the last day of August, December, March and June. "About 148,000 taxpayers chose this option last year," the IRS said.

In general, the highway use tax applies to trucks, truck tractors and buses with a gross taxable weight of 55,000 pounds or more. Ordinarily, vans, pick-ups, and panel trucks are not taxable because they fall below the 55,000-pound threshold.

State governments are required to receive proof of payment of the federal highway use tax as a condition of vehicle registration. Schedule 1 of the Form 2290 is stamped and returned to filers for this purpose. This process remains unchanged.

In addition, the Jobs Act made electronic filing mandatory for taxpayers who file highway use tax returns for 25 or more vehicles. The availability of electronic filing for Forms 2290 is pending. Taxpayers should continue to file paper returns. The IRS will notify taxpayers when the electronic filing program is available.

The electronic payment option continues to be available, and the IRS urges taxpayers to enroll in EFTPS and pay their tax obligations this way.

The new Form 2290 and its instructions are now available on [irs.gov](http://irs.gov), the tax agency's Web site. The form and instructions will be mailed automatically to taxpayers who filed last year.

## Courts Fine Taxpayers for Frivolous Collection Cases

Taxpayers who improperly use the courts to delay tax collections are paying a stiff price, according to the IRS. In published cases since the beginning of 2004, the U.S. Tax Court imposed penalties totaling \$117,500 against taxpayers for pursuing frivolous cases to delay tax collections. This brings the total penalties in such cases since 2001 to \$378,900. In addition, Appeals courts in the Second, Ninth, and Tenth Circuits upheld six earlier Tax Court decisions assessing penalties totaling \$15,600.

"Taxpayers have rights they should use when appropriate," said Kevin Brown, commissioner of the IRS Small Business/Self-Employed Division. "But anyone who abuses those rights should understand they can incur significant penalties."

*The IRS Restructuring and Reform Act of 1998* set forth various taxpayer rights related to tax liens or levies, including the right to seek judicial review. However, the Tax Court may impose sanctions of up to \$25,000 on those who misuse their right to a court review merely to stall their tax payments. For example, the court imposed the maximum penalty in *Kolker v. Commissioner*, T.C. M. 2004-288. Noting that the taxpayer had filed multiple court actions and appeals, the Tax Court stated that he had "repeatedly wasted the Federal tax system's resources and his conduct deserves an appropriate and severe sanction."

Ordinarily, the IRS may not enforce collection while one of these Collection Due Process appeals is pending. But in an April 2005 decision, the Tax Court, for the first time, allowed the IRS to pursue collection even though an appeal had been filed. In *Burke v. Commissioner*, 124 T.C. No. 11, the court permitted the IRS to proceed with a levy, agreeing that the "taxpayer had used the collection review procedure to espouse frivolous and groundless arguments and otherwise needlessly delay collection."

The Tax Court also disposes of many cases by unpublished order after granting the government's motion for summary judgment against the taxpayer. These motions increasingly include sanctions under this part of the law (section 6673 of the Internal Revenue Code).

The IRS Web site document, "The Truth about Frivolous Tax Arguments", includes a section devoted to Collection Due Process cases. It presents 16 frivolous assertions, along with a summary of the law and relevant cases involving these false claims.

## Reorganization at Taxpayer Education and Communication

David Yeskoo currently is the Territory Manager in Richmond, VA, for Taxpayer Education and Communication (TEC). TEC has partnered with a number of practitioner organizations in a wide range of activities.

TEC has been consolidated into a new organization, Communication, Liaison, and Disclosure (CLD). It remains part of the Small Business/Self Employed Operating Division. TEC is being renamed Stakeholder Liaison. As part of this reorganization, there will be substantial staff reductions mandating a more focused mission. While some of our activities will have to be re-evaluated in terms of our involvement, the new organization is making a continued commitment to the practitioner community as one of our most important stakeholders.

David has assumed management responsibilities for Stakeholder Liaison activities in Maryland, the District of Columbia, Virginia, North Carolina, and South Carolina. Our primary contact is Eugenia Tabon, Senior Tax Specialist, in Greensboro with a phone number of (336) 378-2434. A secondary contact is Avery Henline, CPA, in Charlotte at (704) 566-5090. There also are other staff that will be providing assistance to our organization as necessary.

## Monitoring Your State Board of Accountancy

*George Parker*

A couple of years ago, I was at an NSA function in Washington, DC, and was speaking with an NSA colleague about State Board of Accountancy matters and monitoring. Jim was on the State Board of Accountancy in his state and during the course of our conversation, he said something that bothered me, and I asked him more about that.

I said, "Jim, a couple of times you said that folks from your State Society came into the Board of Accountancy meeting and 'mouthed-off', and embarrassed you. What was that all about?"

Jim said, "One time the President of the State Society had to put his two cents in about the AICPA proposal concerning their desire to change the format of the CPA exam. Another time, one of the monitors brought up an issue that we had discussed as a minor matter in executive session and then proceeded on that matter in executive session. Another time, when we were in the public session of our meeting, one of the monitors asked if he could have a copy of the document that was under discussion." Jim went on with "this mouthing-off by folks in my own State Society was something of an embarrassment to him."

I said, "How do you feel they should act?"

Jim said, "I feel they should go over there, take a chair, sit-down, start observing, and taking notes if they feel that there are any notes to take."

I said, "I see. Jim, I would like to give you another viewpoint on that."

He said, "Go ahead."

I said, "To begin with, there was no licensing of accountants in the United States. With the exception of one state, New York, all of the licensing of accountants came about in your state, and the various other states in the 20th century. At that time, unlicensed accountants in your state were grandfathered-in as licensed accountants. After the initial grandfathering period, future licensed accountants were so made through examination, education, experience, and other qualifying factors.

"As soon as the Governor lifted his fountain pen off the bill signing the Accountancy Act into law, it gave the public a RIGHT to be present at a government function, the State Board of Accountancy meetings, in a monitoring capacity. Not as observers. But as monitors, any member of the public has a right to speak-up on an issue. Further, if that person in attendance at that meeting is an accountant, licensed or unlicensed, he has a DUTY to speak-up, and speak-out on issues that he feels concerns himself, his organization, and his profession. This doesn't mean that they have a right to 'blurt' out whenever they want to, but it does mean that they have a right to stick-up their hand to be recognized, to pass a note on to someone to be recognized, or so move in a manner that is respectful to the meeting."

Jim said, "What do you mean by duty?"

I said, "Just that. A cop going down the street on routine patrol looks into a well lit-up liquor store and sees a person with a gun sticking-up a liquor store manager. That cop can't ignore what he saw. He has a professional duty to pursue this armed robbery in progress incident to a conclusion, even if it means his death. The accountant that is preparing a routine compilation statement comes across a document that indicates that there may be management fraud. The accountant cannot ignore what he saw. He has a professional duty to pursue this incident to a conclusion, even if it means the loss of the largest client he has, and his financial death.

"In both cases, failure to so perform will result in admonishment and contempt by the public, his community, and his peers.

"In the case of the accountant in attendance at a State Board of Accountancy meeting, the matters under discussion are matters that affect his occupation, profession, vocation, and organization. Accordingly, he has a DUTY to speak-up.

"It sounds to me like this is just exactly what your State Society monitors were doing, speaking-out on issues that concerned them. In fact, these are exactly the kind of folks that members of your State Society should be proud of.

"These folks weren't 'mouthing-off.' 'Mouthing-off' is when a person speaks-out on an issue in a belligerent manner on matters that they don't know what they're talking about just to get their two cents in. These people weren't doing that."

Jim said, "I agree George. But, I still feel that what they should do is get over there, sit down, and start observing. They came into OUR meeting."

I said, "No Jim, I'm not sure that you get it. This was a PUBLIC meeting dealing with the administration of PUBLIC laws, rules, and regulations. Check the United States Constitution. You can see a copy in the World Almanac, any encyclopedia, or any public library. There have been more Supreme Court decisions in this one area about 'freedom of speech' and what Government shall not do than any other. This is one of the four freedoms Franklin Roosevelt talked about during WWII that was on postage stamps, banners, and newspaper articles, the right for the public to address government. This is why ever since Nixon, every state in the union enacted Sunshine Laws of some type. They want 'openness' in Government.

"What do you think makes this country America?"

Jim and I left for our rooms that evening. In the morning I went to the hotel restaurant for breakfast. I was going over a cup of coffee when Jim came up and sat down. He said, "George, I thought a lot about what we talked about yesterday. I guess I never really thought about it like that. At our next State Board of Accountancy meeting, I'm going to make a point of speaking with our monitors that attend."

## Sales Tax

On June 30, the General Assembly enacted legislation for a short-term extension of the additional ½% sales and use tax. It was due to expire at the end of business on June 30. However, it will remain in effect until the *2005 Regular Session Appropriations Act* becomes law.

## NCSA Schedule of Events

### 2005

July 23—**Leadership & Committee Conferences**,  
Ramada Inn Airport, Greensboro—9:30 am

August 25-27—**NSA Annual Convention**—Las Vegas, NV

September 26-27—**National Tax Symposium**—  
Baltimore Convention Center—Baltimore, MD

October 7-9—**NSA LNC & LSC**—Denver, CO

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

October 28-29—**NSA Fall District IV**—  
Ramada Inn Airport, Greensboro

November 14-15—**National Tax Symposium**—  
Harrad's Las Vegas—Las Vegas, NV

November 14—**Board of Directors Meeting**—  
Greensboro, NC—4 pm

November 15-16—**PTI**—Clarion Hotel, Greensboro Airport

November 16-17—**PTI**—Four Points Sheraton, Charlotte Uptown

November 17-18—**PTI**—Ocean Reef Resort, Myrtle Beach, SC

December 12-13—**National Tax Symposium**—  
New Orleans Doubletree—New Orleans, LA

### 2006

May—**NCSA Board of Directors Meeting**—4 pm  
May—**Spring PAS**

June 25—**NCSA Board of Directors Meeting**—  
Wilmington Hilton Riverside—Wilmington—4 pm

June 26-27—**Annual Convention**—  
Wilmington Hilton Riverside—Wilmington

June 28—**Board of Directors Meeting**—  
Wilmington Hilton Riverside—Wilmington—9 am

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