



# 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

Wayne O. Parker

To start with, it is my pleasure to introduce the most important member of NCSA. Me. Of course, not really! This is a person we all know well. It is one who is very knowledgeable, always willing to share information, who is inquisitive, and wants to keep abreast of the information on our demanding profession. And no, it is not David Hooker and his persistence with QAR. That person is you! Each individual member of this society at any given time is the most important member.



Wayne O. Parker

As I stand before you tonight, it is not for self recognition but to encourage each of you to strive to give just a little more of yourself to our organization. This is a volunteer organization, and you will only get out what you are willing to put in. I want to encourage more participation in the coming year.

Line Officers are encouraged to join me in:

1. Attending your local chapter meetings.
2. Attending chapter meeting across the state as time restraints will allow.
3. Attending at least one North Carolina State Board of CPA Examiners meeting.
4. Attending all Officer's and BOD Meetings.
5. Remember, you are liaisons for specific Committees. You are responsible for contacting the Committee Chairs to encourage them to schedule Committee meetings, and you are expected to attend.

Each Board Member is encouraged to:

1. Attend your local chapter meetings.
2. Attend all BOD meetings.
3. Attend at least one North Carolina State Board of CPA Examiners meeting.

Committee Chairs and Committee Members are encouraged to:

1. Attend your local chapter meetings.
2. Attend all BOD meetings.
3. Each Committee Chair will be called upon to give a written report at each Board of Directors meeting and next year's Convention.

Local Chapter Officers should attend your local chapter meetings and are encouraged to attend the BOD Meetings. Everyone is requested to attend the Leadership Conference on Saturday, July 22, at the Clarion Hotel, Greensboro. It's free and not just for leaders.

(continued on page 3)

## Mark Your Calendar

# July 22

NCSA  
Leadership  
Conference  
and  
Committee Day

## Chapter News

### Hickory

The Tuesday May 30<sup>th</sup> meeting at Prime Sirloin in Hickory was attended by 8 members and 1 guest. The speaker was Hickory Chapter Past President Rena Laws, speaking on E-filing ESC reports, W-2's, and corporate tax returns.

The annual cook-out was held on June 17<sup>th</sup> at the home of Kenneth and Colene Cockrell. Fifteen chapter members and 19 guests enjoyed barbeque, chicken and a variety of side dishes. Boat rides and fun in the water were the order of the day. Kenneth Cockrell spoke on Vacation and Second Homes.

The next meeting will be held July 31, with the location and speaker to be announced.

### Charlotte

On May 22, 13 members and 3 guests were addressed by Curt Lee discussing legislative issues and the legislative fundraiser.

Charlotte member Charles Hart recently passed away.

The June 19<sup>th</sup> meeting will feature installation of new officers.

### Cape Fear

The May 22<sup>nd</sup> meeting featured Cheryl Hudson speaking on Ethics. She led the chapter in discussion with examples and questions on different situations. The meeting was attended by 11 members and 2 guests.

The next meeting will be June 19, 2006.

### Central

Central Chapter met on Monday, April 24, at 6:30 PM, at Nascar Café in Greensboro with 4 members and 2 guests present. Richard C. Capps, Financial Advisor with Wachovia Bank, and Avery Hall, Relationship Manager with Wachovia, spoke on bank financial advisors and on-line banking.

One member was dropped.

Nascar Café was the location for the May 22<sup>nd</sup> meeting of Central Chapter. There were 8 members and 5 guests in attendance. Paul Bumgarner spoke on Elder Care and the need for additional funds for long-term care.

The next meeting will be held on June 19, at the Nascar Café at 6:30 pm. Stephen Metelits, Vice President of NCSA will speak on QAR.

### Raleigh

The March 28<sup>th</sup> meeting featured a round-table discussion on tax problems and possible solutions. Also discussed were sales tax audits and appeals and various tax related issues. Eleven members and 5 guests attended

The April 25<sup>th</sup> meeting featured Rusty Russell, CFP of Infinet Advisory, Inc., who discussed the importance of having a business succession plan in place prior to a business owner or officer's retirement or death. There were 10 members and 2 guests present.

The next meeting will be held on May 23. The speaker will be Christopher Walker, discussing 'Repairing Your/Your Client's Credit.'

### Burlington

The April meeting of the Burlington Chapter will be held at Kimbers Restaurant in Gibsonville on Thursday, April 27, at 6:30 PM. Ms. Jonetta Appling, Manager, Taxpayer Assistance Division of the NC Department of Revenue will speak on NC Taxation.

The May 25<sup>th</sup> meeting of the Burlington chapter will be held at Kimber's Restaurant in Gibsonville. Stephen Metelits, NCSA Vice President, will install officers.

### Western

The December meeting of the Western Chapter was held at the Black Forest Lodge on December 13. President Helgreen announced the passing of member Robert Chessher, who was approved in October. It was decided that his dues should be refunded. A Christmas get together followed the meeting.

The Western Chapter met at Ryan's Steakhouse in Asheville on January 31. There were 13 members and 12 guests in attendance. Artis Moser and Michael Grove with the North Carolina Department of Revenue spoke on state changes.

The February meeting was held on the 28<sup>th</sup> at Ryan's Steakhouse with 8 members and 3 guests attending. One new member was approved. There was an informal discussion of tax problems, problem forms and questions were presented with supporting answers.

There will be no meeting in March. The April meeting will be on "Probate and Afterwards," presented by two attorneys from Black Mountain.

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

## **A Message From The President**

*(continued from page 1)*

Jesus teaching the disciples to pray in Matthew 9: 37-38 said, "The harvest truly is plentiful, but the labourers are few; pray ye therefore the Lord of the harvest, that He will send forth labourers into His harvest." As I have been working to fill the committee positions, the harvest truly is plentiful, and we need to pray for new workers to train for the future to help strengthen our organization.

As we look forward, we plan on having a great year, and I hope the enthusiasm of our line Officers will spill over to the BOD and our Committees and the membership at large. Let's all work as a team. We must agree to disagree and then work together as the majority agrees. We must commit to work together for the society as a whole, not as individuals. Be flexible, willing to look at new and old ideas.

Don't hold a grudge. Lincoln had a generous nature, but he consciously worked at developing it. During political battles, he made a point of avoiding grudges. "I hold no malice," he often said.

Fifty-nine years ago our founders brought forth an organization in this great state known as the North Carolina Society of Accountants, dedicated to the right to practice accounting for non CPA's.

Our purpose is to help elevate the standard of ethics for the accounting profession, to develop public goodwill, to improve accountancy education, to attain legal recognition and the protection of just and fair regulation, and to promote good fellowship and emphasize the importance of fair play within our profession. The greatest benefit of membership in the NCSA is the personal friendships with other members of this society.

Our struggles of today are not just for today but for the future as well, so that those who follow in our footsteps may have the right to practice freely as we have. Let us proceed with the great task of preserving our right to practice. Look around; the enemy is not among us. This organization is made up of friends, and we need to be united and grow stronger for the cause for which we were founded.

As we look back over the previous year we see that the Right to Practice Committee appointed by President Black and Chaired by Susan McLean to develop a fund raising program for our depleting Legislative Fund was a great success. We plan to continue this under the Chair of Susan McLean. We hope we can educate our members who did not contribute that the need to increase these funds is a major necessity. We must be prepared, as were our founders, to maintain a high standard for our profession, to strive to keep alive the right to practice that we currently have under the law, and to continue to seek legal status for the right to use earned titles such as ABA, ATA, EA, etc. Certifications remain highly valued. These credentials demonstrate a commitment to continuous learning and help professionals distinguish themselves.

We live in the greatest country in the world, North Carolina is one of the greatest states, and the North Carolina Society of Accountants is the greatest accounting organization there is. That is evidenced by your support and presence here tonight.

With the help of God and the cooperation of the members of this mighty organization, I will devote myself toward the attainment of our objectives and give credit to those who have put confidence in me. I realize, however, that team spirit, hard work and the loyalty and personal sacrifices of my associates have made this possible, and I hope that I can continue to receive the benefit of their experience and wisdom. I consider this honor as one in a representative capacity to be shared with my associates.

In closing I want to dedicate this year to the memory of my departed friends, Edward Higgins, and Past Presidents Thomas Gardner, Gilbert Crocker, and Wade Powell.

Thank you.

## You Wanted to Know

Here are answers to some of the questions that tax professionals have asked the IRS:

- *The wording of some notices is confusing and intimidating. Can we raise concerns or suggest improvements?* The clarity of IRS notices currently is being addressed through a special improvement program. [NCSA has been complaining to the IRS about this for years at our Tax Forum.]
- *What are the procedures for revoking a Power of Attorney?* Instructions on how to revoke a POA can be found on page 2 of the Instructions for Form 2848.
- *A practitioner faxed a Form 2848 but it could not be processed due to insufficient information. The form was mailed back to the client rather than faxed back to the practitioner.* There are certain essential elements of an authorization which states that if one of those elements is missing, the document must be returned to the taxpayer.
- *Why can't practitioners have direct access to the Automated Collection System (ACS) through the Practitioner Priority Service?* The PPS telephone menu has three options of which #3 will transfer you directly to ACS.

## Toyota and Lexus Hybrids

The tax credit for hybrid vehicles is limited to the first 60,000 sold by that manufacturer. Toyota makes the Toyota hybrids and the Lexus hybrids. As of March 31, they have already sold 41,719. If you have not ordered one soon, you will not fall under the limit.

The credits are:

- Prius—\$3,150
- Highlander—\$2,800
- Lexus RX400h—\$2,200

You can claim the credit until the end of the quarter in which the 60,000 vehicle limit is reached. That is expected to happen in the third quarter. For the second and third quarters after the limit is reached, you can claim 50% of the credit. For the fourth and fifth quarters, you can claim 25% of the credit. After that, there is no credit.

## Taxpayer Burden Reduction

The IRS Office of Taxpayer Burden Reduction is seeking recommendations from the public on ways to reduce taxpayer burden. The office encourages tax professionals to submit their proposals for ways to reduce taxpayer burden by submitting Form 13285A, *Reducing Burden on America's Taxpayers*. The form requests a specific description of the problem as well as of the solution.

Several initiatives already undertaken include: AMT assistance for individuals (an on-line tool), streamlined extension of time to file, Form 944, Revised Schedules K-1, and the industry issue resolution.

## Hotel Rooms

*Stephen Metelits*

When the NCSA arranges with a hotel to hold classes, meetings, or conventions, we usually contract with the hotel for a specific price for meeting rooms, food service, and hotel rooms. This contract calls for us to use a certain number of rooms which are reserved for us to reduce the price of the overall cost to the society. If we don't use all of the guest rooms in our contract, we have to pay more for our other costs under the contract.

If you save a few dollars by staying at another hotel, it can cost the society more than you saved. If you are a member of a hotel points program which you use to "pay" for your room, we don't get credit for the room. Please, use your hotel points for a family vacation, not for an NCSA event.

## New Officers and Board

At the Annual Convention in Wilmington, Wayne O Parker was installed as President of the North Carolina Society of Accountants. Florence W Black became the Immediate Past President. Elected and installed in Wilmington were: Stephen Metelits, President Elect; Denise J Hammond, Vice President; Susan S McLean, Treasurer; and Ronald D Powell, Secretary.

Elected and installed as Members of the Board of Directors were: Paula B Brown, Clinton E Bryan, Jr, Glenwood P Crocker, Lynanne F Gray, L Dean Gunter, Danelle T Hills, Cheryl C Hudson, Patrick Laughrey, Lottie M Neal, Steven G Pace, Patricia M Pittillo, and Dorothy B Tyson.

Elected as the Nominating Committee are: Florence W Black, W Franklin Brown, Jense Haynes, David L Hooker, Sarah P McKoy, and Erma Reynolds-Woodfin.

## Food Taxes

This is not intended as something new. Rather, it is a clarification on the NC laws on Sales and Use Tax on food.

Food that is exempt from the sales and use tax is subject to the 2% county tax. Additional taxes do not apply.

Food included in the following categories is *not* exempt from the sales tax: dietary supplements, food sold through a vending machine, prepared food, soft drinks, and candy. Food in any of these categories are subject to both state and local tax.

The primary area of confusion pertains to "prepared food." An item is considered a "prepared food" and subject to both state and local tax if one of the following conditions exists: it is sold in a heated state or heated by the retailer; it consists of two or more foods mixed or combined by the retailer for sale as a single item; or it is sold with eating utensils provided by the retailer.

Bakery items are subject to the 2% local tax unless the items are considered prepared food, in which case they are subject to both state and local tax. Bread purchased in a grocery store is subject to the 2% county tax unless it was baked by the grocery store (in which case it is subject to both state and local tax). That is because the retailer mixed two or more foods for sale as a single item.

Bakeries that make items they sell are subject to both state and local tax regardless of where items are consumed.

Sales of bakery items a bakery purchases from a third party and resells without altering or heating are subject only to the 2% local tax—unless the bakery supplies eating utensils (in which case the items are subject to both state and local tax).

Items such as cole slaw and potato salad are subject to the 2% local tax unless the items are considered to be prepared foods subject to both state and local tax. For instance, if potato salad is selected from the refrigeration section of a grocery store, it is subject to the 2% local tax. However, if a similar item is purchased in the deli area of a grocery store, it is a prepared food and subject to both the state and local tax.

Fried chicken purchased in the frozen food section of a grocery store is subject to the 2% local tax. Fried chicken purchased in the deli area of a grocery store is prepared food subject to both state and local tax.

Is that clearer?

## **NCSA Schedule of Events**

### **2006**

July 22—**Leadership Conference & Committee Day**—  
Clarion, Greensboro, 9:00 am

July 22—**Board of Directors Meeting**—  
Clarion, Greensboro, 2 pm

August 17-19—**NSA Convention**—Providence, RI

October 27—**Tax Forum**—Greensboro

November 28-29—**PTI**—Embassy Suites, Greensboro

November 30—December 1—**PTI**—  
Ocean Reef, Myrtle Beach, SC

December 12-13—**PTI**—  
Best Western Charlotte Uptown, Charlotte

### **2007**

January 24—**Legislative Reception**—Sheraton, Raleigh

May 5—**Board of Directors Meeting**

June 20—**Board of Directors**—Embassy Suites,  
Winston-Salem, 6:30 pm

June 20-23—**Annual Convention**—Embassy Suites,  
Winston-Salem

August 16-18—**NSA Convention**—Portland, OR

### **2008**

June 19—**Board of Directors Meeting**—Marriott, Durham

June 20-21—**Spring PAS**—Marriott, Durham

June 22—**Annual Convention**—Marriott, Durham

June 23—**Board of Directors Meeting**—Marriott, Durham

## **2006-2007 OFFICERS**

### **PRESIDENT – WAYNE O. PARKER**

3617 Old Lexington Road  
Winston Salem, NC 27107  
336-784-4160

### **PRESIDENT-ELECT – STEPHEN METELITS**

77 Fearington Post  
Pittsboro, NC 27312  
919-933-0724

### **VICE-PRESIDENT – DENISE J. HAMMOND**

P.O. Box 938  
Morganton, NC 28680-0938  
828-437-7058

### **SECRETARY – RONALD D. POWELL**

350 South Cox Street, Suite A  
Asheboro, NC 27203-5715  
336-625-1427

### **TREASURER – SUSAN S. MCLEAN**

P.O. Box 1028  
Jamestown, NC 27282-1028  
336-454-3136

### **IMMEDIATE PAST PRESIDENT – FLORENCE W. BLACK**

P.O. Box 53488  
Fayetteville, NC 28305-3488  
910-484-3800

### **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*