



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

June 2006

Inside this issue

Chapter News	2
2006 Special Enrollment Examination	3
Tax Law Changes	3
Part B Surcharge In 2007	3
Advisory Council Nominations	4
Sales Tax	4
Convention	4
IMRS Issues	5
How Much Is Your Right To Practice Worth?	5
2006 Tax Practitioner Seminars	6
Legislative Fund Sentinels	7

A Message From The President

Florence W. Black



Florence W. Black

I hope that all of you will attend NCSA's 59th Annual Convention in Wilmington. The Convention Committee has worked very hard to arrange an educational and fun-filled event. Two representatives from NSA will be in attendance—Wanda W. Goodson, NSA's District IV Governor, from Dawsonville, Georgia, and Robert H. Fukuhara, Jr., NSA's First Vice President from Honolulu, Hawaii. Mr. Fukuhara will install our new officers and board of directors.

By allowing me to serve as the president of NCSA this past year, the members have honored me with their trust. I appreciate all the support of the membership and the special support of the other officers, the board of directors, and my Cape Fear Chapter. I hope I have lived up to the honor and trust that you have extended to me.

When I was a child, the month of June signaled the end of another school year. I anticipated the end of the school year with feelings of great joy and freedom, as I am sure my teachers did also. The joy and freedom were short-lived, however, because I missed seeing my friends, and my father met me at the bus and took me to the tobacco and cucumber fields. While serving as your president this year, I have truly enjoyed the freedom of visiting with the local chapters and closely working with the other officers. However, Yvette says she is going to meet me after the convention to take me back to the accounting and tax fields.

May God bless all of you.

Important !!! Member CPE Audit

Danelle Hills

We are wrapping up the Member CPE Audit this month. On page 59 of your 2005-2006 NCSA Membership Directory, Article I, Section 10 of our NCSA Constitution states that "To maintain membership in the Society, all Full members who are engaged in the practice of accountancy shall be required to have thirty hours of continuing education [CPE] every two years...". The current audit period is for July 1, 2003 through June 30, 2005. Letters were mailed to a random sampling of members back in the fall of 2005 to request reports on the members' CPE hours earned. There was such a poor response that another mailing is going out. PLEASE RESPOND PROMPTLY with your CPE hours earned or the reason the CPE requirement does not apply to you for the period stated, if you receive one of the letters. The reporting requirement is one of your responsibilities as a member. You are not being picked on, you were simply selected at random as part of the random sample. The audit results are to be tabulated and reported at the upcoming Board meeting on June 25, so please respond immediately if not sooner. Thank you for your cooperation!

Chapter News

Hickory

The April 24 meeting of the Hickory Chapter was held at AJ's Prime Sirloin in Hickory at 6:30 PM. Ronald Powell, NCSA Secretary, spoke on BizPlan/AgriPlan and how they help business clients deduct medical and other expenses. Six members and 1 guest were in attendance.

The Tuesday, May 30th 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-2s, and corporate tax returns.

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 19th meeting will feature installation of new officers.

Cape Fear

The April 24th meeting at the Brass Lantern in Dunn, NC, featured U.S. Rep. Bob Etheridge.

The May 22nd 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 March 27, 2006, with 4 members and 2 guests present. Tommy M Faggart, with Edward D. Jones Investments, spoke to the group on diversification of investments. He also highlighted the ways to distinguish and choose among the different Medicare D plans.

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. The next meeting will be May 22 at 6:30 pm at Nascar Café. Paul Bumgarner will speak on Elder Care.

Raleigh

The March 28th 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 25th 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 25th 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 28th 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 or fax to 828-438-8111.

2006 Special Enrollment Examination

The IRS announced changes to the Special Enrollment Examination in 2006. A private firm, Thomson Prometric, a nationwide testing firm, has been selected to develop and administer a computer-based version of the exam on behalf of the IRS. The IRS expects that Thomson Prometric will deliver the new version of the examination in October 2006.

Generally, passing the four-part Special Enrollment Examination (SEE) enables individuals to become an enrolled agent through demonstrating special competence in tax matters. Those who pass the SEE also undergo an additional background check before enrollment.

The examination will be offered at approximately 300 testing centers operated by Thomson Prometric. Previously, the IRS has only been able to offer testing at about 90 locations. Candidates will take the examination at a computer terminal.

Additional changes in administering the SEE include the following:

- Candidates will have an eight week window to take the examination.
- Candidates will not be required to take all parts of the examination in one sitting.
- Candidates who pass a portion of the exam will be allowed to carryover their scores.
- Candidates will be permitted to take each part of the exam up to four times each calendar year.

As part of the process of exam development, Thomson will conduct a survey of enrolled agents to determine the tasks they perform and the knowledge needed to perform those tasks. The results of the survey will be the basis for developing examination content.

The new version of the SEE will be four parts and approximately the same length as prior exams. The exam will be comprised primarily of multiple choice questions. The new format will eliminate true or false questions.

Policies regarding candidates carrying over previously passed sections of the old examination are being assessed, pending determination of the format and structure of the new exam.

The IRS will maintain oversight of the process to ensure high quality standards with respect to examination development and administration. All aspects of the processing and review of the enrollment applications, for those individuals who have passed the examination, will remain with the IRS.

The IRS will post additional information on the IRS' webpage as it becomes available. To check for these updates, go to IRS.gov, click on tax professionals, and click on enrolled agents.

Tax Law Changes

The tax law changes just passed have some good news and some bad news.

Good news includes the extension for 2 years of the maximum 15% tax rate for long term capital gains and qualified dividends. This extends the break to 2010. Good news for investors.

Bad news includes the raising of the age at which children can file taxes at their own tax bracket instead of their parents' tax bracket. Under the old laws, a child age 14 or older could file their own tax return at their own rate instead of having to use the tax bracket of their parents. This is raised to age 18. Under that age, children must pay taxes at their parents' rate.

There is a one-year extension of an AMT "patch" which would keep additional taxpayers from falling into the Alternative Minimum Tax briar patch. But this will help for only one year.

The increased expensing under Section 179 has been extended for two years. This is a boon for small business owners, but, again, it is temporary.

Part B Surcharge in 2007

High income taxpayers can expect a surcharge of 70% or more on the Medicare Part B premiums in 2007. The 2007 premium will be about \$100 per month. With the surcharge, the premium will be from \$113 to \$173, depending on modified adjusted gross income (MAGI). This surcharge doubles in 2008 and triples in 2009.

The "high income" is based on MAGI two prior years ago. For those with a MAGI in 2005 over \$160,000 (joint) or \$80,000 (single), they get the 2007 surcharge.

Advisory Council Nominations

The IRS is requesting nominations for the Internal Revenue Service Advisory Council (IRSAC). Applications will be accepted through July 31, 2006.

IRSAC's primary purpose is to provide an organized public forum for IRS officials and representatives of the public to discuss relevant tax administration issues. The group suggests operational improvements, offers constructive observations about the IRS' current or proposed policies, programs, and procedures, and advises the IRS on particular issues having substantive impact on federal tax administration.

The IRSAC is comprised of individuals from diverse backgrounds, all of whom bring a wide breadth of experience to IRSAC's activities. Members are accountants, tax attorneys, enrolled agents, tax return preparers, academics, and tax business owners. Ideal nominees also possess strong leadership and writing skills.

Interested parties may nominate themselves or another qualified person for membership. All nominees must complete an application and federal tax check waiver form. In addition, FBI background checks using fingerprints and, if applicable, practitioner checks are required of all nominees.

More information, including application packages, is available on the Tax Practitioner's Page of the IRS web site www.irs.gov.

Sales Tax

Dare County instituted an added 1% sales and use tax for beach enrichment on January 1, 2006. Starting July 1, 2006, the additional 1% county rate has been repealed for Dare County.

CONVENTION CONVENTION CONVENTION

You have read the agenda month by month.

I hope you are planning on attending every event.

Sunday night after the Presidents Reception we will be
playing BUNKO.

This is a dice game that is loads of fun. You will start off with
a partner but you will end up with another.

Instructions will be given before the game starts.

There will be prizes of cash and gifts.

\$3.00 to play.

Monday Night is the 70's Retro Disco Party.

I hope you have been looking for that special costume.

I am sure you can find a pair of bell bottom jeans to say the least.

I am hoping you will go for the leisure suits and go-go dresses
and be ready to dance the night away.

To help you find that special costume, there will be a charge of
\$1.00 if you do not dress up. There will be a \$2.00 charge if
you dress up and later return out of costume.

You can do it, and let's have fun!

CONVENTION CONVENTION CONVENTION

IMRS Issues

Here are a few of the issues recently closed by the IMRS:

- 06-0000108—Some tax professionals would like to have their names removed from the IRS web site as authorized e-file providers. To do so, call the IRS e-help desk (866) 255-0654 and request removal.
- 06-0000107—You may not be aware that the old Installment Agreement Calculator was removed from the IRS web site. A new application is being designed. In the meantime, call the toll-free number on the web site.
- 06-0000051—A proposal to reduce the threshold for required use of EFTPS is rumored. The IRS is not pursuing a reduction in the threshold at this time.
- 05-0000040—Due to changes in ACS programming, the IRS now is able to place calls to practitioners who hold a valid power of attorney. When a Collection employee is unable to reach the authorized representative, they leave a message that includes a "case reference number." When the practitioner calls back, they are unable to work their way through the menu options using the information provided. A request for a programming change to the menu has been made.
- 06-0000120—Practitioners have a difficult time securing Form 8109-B for their clients. This makes it difficult to make timely tax deposits. Practitioners can get Forms 8109-B through a Taxpayer Assistance Center, by calling the Business and Specialty Tax Help line at (800) 829-4933, or by writing to the National Distribution Center on company letterhead.
- 06-0000104—Form 8863, *Education Credits*, has no place for amounts reported in Block 3 of Form 1098-T, *Tuition Statement*. This is an adjustment for previous years. However, no amended return needs to be filed. See page 2 of Form 8863 instructions.
- 06-0000112—Some taxpayers who file electronically but owe taxes submit a copy of their 1040 along with the payment and voucher. Instructions for 1040-V will be revised for 2006 advising taxpayers not to submit a copy of the return with the payment voucher.
- 06-0000072—Effective January 1, 2003, third parties can have more than one CAF (Centralized Authorization File) number. If you have more than one client for which you are acting, you need a separate CAF number for each case. Each CAF is associated with a specific case.
- 06-0000058—There was a discrepancy between the instructions on what the minimum wage is between the instructions for Form 8846 and the IRS web site. One said use the federal minimum wage and the other said to use the state minimum wage. Counsel advised that the federal minimum wage always should be used. IRS.gov has been updated.
- 06-0000195—Members of a multi-member LLC who wish to become an S corporation need to know what forms to file. The taxpayer need only file Form 2553, *Election by a Small Business Corporation*, to change from a multi-member, disregarded entity, LLC to an S corporation.

How Much Is Your Right to Practice Worth?

NC practitioners enjoy one of the most liberal accounting practice laws in the country thanks to the efforts of the NCSA's founding members. They formed the NCSA and fought for years to obtain the legal status that often we take for granted. For over 58 years, your elected leaders have continued to protect that right.

We must continue to be vigilant if we wish to safeguard our right to practice accounting without restriction in North Carolina. Our Legislative Fund was designed to bear the cost of continually monitoring legislation that affects non-certified accountants and tax preparers. The fund enables us to monitor legislative activity and to employ lobbyists to help us convince our legislators that new laws should not erode any of our rights to practice our profession.

The costs of monitoring and lobbying the Legislature and low interest rates have seriously depleted our Legislative Fund. We need to replenish this fund so that an adequate reserve is available in case our right to practice is endangered in any way. **We must be prepared!**

You are requested to help protect your professional future in accounting by making a donation to the Legislative Fund. Send your check, made out to NCSA with "Legislative Fund" in the memo portion, to NCSA, PO Box 1126, Conover, NC 28613-1126. A pledge of \$1 a day will go a long way to replenish the fund. Thank you.

2006 TAX PRACTITIONER SEMINARS

The IRS is working diligently to make it easier for you to conduct business electronically. The growing trend is clearly toward electronic filing and paying. Electronic filing and paying can help you solidify client relations. Did you know that more than 75 million individual and business tax returns were prepared electronically by tax professionals?

We believe that your organization is a part of this growth and would like to thank you. We have scheduled several seminars that will give you updates from the NC Department of Revenue, Social Security Administration, and Stakeholder Liaison of the IRS. Regardless of whether you are just beginning to e-file or if you began back in 1986, the 2006 E-file Seminars will provide valuable information on moving your business forward.

Small Business-Self Employed, Stakeholder Liaison offices in North Carolina and South Carolina are sponsoring the Tax Professional Seminars listed below. The seminars are designed to educate tax professionals on many important topics which will include, but are not limited to:

- Electronic Federal Tax Payment System (EFTPS) "Keep It Simple"
- Highlights of E-Service and E-File Updates for Tax Year 2006
- Offer In Compromise
- Issue Management Resolution System (IMRS)
- Burden Reduction (Form 944 Launch)

The seminars begin at 9 am and end at 3:00 p.m. unless otherwise advertised. 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 register today! To pre-register, send e-mail (*preferred method*) with the attached registration form to Evette.Davis@irs.gov or by faxing the registration form to: Internal Revenue Service, SBSE, Stakeholder Liaison, Attention: Evette Davis, Seminar Coordinator (704) 566-5395.

Wednesday, August 2, 2006 9:00 a.m. – 3:00 p.m.	Wednesday, August 9, 2006 9:00 a.m. – 3:00 p.m.	Thursday, August 17, 2006 9:30 a.m. – 3:00 p.m.	Thursday, August 24, 2006 9:00 a.m. – 3:00 p.m.
Wake Technical Community College Student Services Conference Area 9101 Fayetteville Road Raleigh, NC	Guilford Technical Community College Jamestown Campus Sears Applied Technical Center Auditorium 601 High Point Road	Cumberland County Library Auditorium 300 Maiden Lane Fayetteville, NC	Western Piedmont Com- munity College, Moore Hall Auditorium, 1001 Burkemont Avenue Morganton, NC
Registration Deadline: July 27, 2006	Registration Deadline: August 4, 2006	Registration Deadline: August 11, 2006	Registration Deadline: August 18, 2006

Registration Form (PLEASE COMPLETE ALL INFORMATION)

Name: _____ Business Name: _____

Street Address: _____ City: _____ State/Zip Code: _____

Telephone Number: _____ FAX Number: _____

E-mail address: _____ EFIN: _____

ARE YOU CURRENTLY ENROLLED IN THE IRS *e-file* PROGRAM? YES _____ NO _____

ARE YOU CURRENTLY USING EFTPS? YES _____ NO _____

PLEASE CHECK

I PLAN TO ATTEND THIS SEMINAR:

Raleigh, NC August 2, 2006 _____

Greensboro, NC August 9, 2006 _____

Fayetteville, NC August 17, 2006 _____

Morganton, NC August 24, 2006 _____

Note: You may also register by e-mailing pertinent information on this form to: Evette.Davis@irs.gov

Legislative Fund Sentinels

Barbara Kennedy
Joyce L. Workman

Legislative Fund Bronze Sentinels

anonymous	In honor of Wayne O. Parker
anonymous	In memory of Harper J. Elam, Jr.
anonymous	In memory of Harper J. Elam, Jr.
Michael A. Angelon	
Larry J. Black	In memory of Bobby G. Murphy
Ken Bukantas	
Lee R. Ezell	
Nona Fisher	
Larry Grossman	
Hickory Chapter of NCSA	
Yvette Horne	In memory of Bobby G. Murphy
Cheryl C. Hudson	In memory of Bobby G. Murphy & In honor of Florence W. Black
Ed Kirkland	
T. Brent Long	
Travis Mangum	
Edna W. Mason	In memory of Rudolph Mason
Maxwell Glen Murphy	
Debra B. Poleo	In memory of W.F. Shelton
Jerry Pritchard	In memory of Thomas Gardner & Edward Higgins
Erma T. Reynolds-Woodfin	In honor of Ronald Powell
Hilda Strickland	
Barbara Webster	

Western Chapter of NCSA

Legislative Fund Silver Sentinels

David C. Dew	
Patricia Pittillo	In honor of David Hooker
Dawn H. Shealy	In honor of Paul A. Barkley

Legislative Fund Gold Sentinels

Florence W. Black	In memory of Bobby G. Murphy
Patricia Eubanks	In honor of J. Thomas Williams
Allen K. Freeman	In memory of Clara D. Freeman
Gray & Hammond Accountants	
James M. Gundersdorff	
Jense Haynes	
James L. Holmes	
David L. Hooker I	n memory of Thomas Gardner & Wade J. Powell
Curtis B Lee, Jr.	
Susan McLean	In memory of Harper J. Elam, Jr.
Stephen Metelits	
Wayne Parker	In memory of Thomas Gardner & Edward Higgins
Piedmont Chapter of NCSA	
Raleigh Chapter of NCSA	
David & Denise Rollins	
Sanford Chapter of NCSA	In honor of Sanford Chapter Members
Marsha Wheeler	

NCSA Schedule of Events

2006

June 2—**ACAT Examinations**

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

June 25-27—**Annual Convention**—
Wilmington Hilton Riverside—Wilmington

July 22—**Board of Directors Meeting**—
Clarion—Greensboro—9am

July 22—**Leadership Conference & Committee Day**—
Clarion—Greensboro—10:30 am

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

October 27—**Tax Forum**—Greensboro

November 27-28—**NCSU Tax School**—
Renaissance Asheville Hotel—Asheville

November 27-28—**NCSU Tax School**—
McKimmon Center—Raleigh

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

November 29-30—**NCSU Tax School**—
Hawthorne Inn—Winston-Salem

November 29-30—**NCSU Tax School**—Blake Hotel—Charlotte

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

December 4-5—**NCSU Tax School**—City Hotel—Greenville

December 4-5—**NCSU Tax School**—
Greensboro Coliseum—Greensboro

December 6-7—**NCSU Tax School**—
Ramada Conference Center—Wilmington

December 6-7—**NCSU Tax School**—Holiday Inn—Fayetteville

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

2005-2006 OFFICERS

PRESIDENT – FLORENCE W. BLACK

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

PRESIDENT-ELECT – WAYNE O. PARKER

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

VICE-PRESIDENT – STEPHEN METELITS

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

SECRETARY – RONALD D. POWELL

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

TREASURER – DENISE J. HAMMOND

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

IMMEDIATE PAST PRESIDENT –

RHONDA H. MARSH

1807 Morgan Hill Road
Monroe, NC 28110
704-289-5155

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 Address Service Requested