



# The Accountant

Official Publication

of the North Carolina Society of Accountants

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May 2006

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## A Message From The President

*Florence W. Black*

On April 17 a strange thing happened in the Fayetteville area, the rains came and settled the dust outside. Hopefully, your tax returns left on or before that day, but before the dust settles on the fifth season (tax season), gather all those sticky notes containing any tax-return problems or questions that you encountered. Place them in a safe place so that you can submit them to Ron Powell when he begins to prepare for next year's Tax Forum. He does a great job with that activity, but he can do an even greater job if we allow him to draw from all of our experiences.

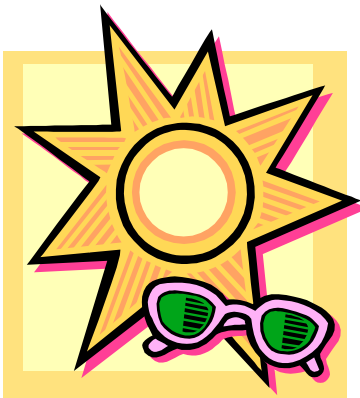
Now that tax season is over officially, I hope that your clients and you had a profitable year. When you plan your post tax-season vacation, do not forget to include the Spring Professional Accounting Seminar (Spring PAS) at the Hilton Durham near Duke University on May 18-19. Paula Brown and her committee have planned an exceptional event that promises to be very rewarding for its educational value and its palate-pleasing selections. Also, keep June 25-27 free for the 2006 Convention in Wilmington. Plan to close this NCSA year and start the new one with a great time of business and pleasure in a beautiful waterfront city full of historical and cultural attractions.

On the local level, I hope that all of us will work hard to develop our individual chapters. Invite potential members, and get back in touch with members that have not been active lately. Let us work to ensure that our professional organization will survive so that we can survive as professionals.

Thank all of you for your support, and I hope to see you at Spring PAS.



**Florence W. Black**



## Personal Postings

*Pat Pittillo*

**Patricia Rogers** of Walkertown passed the Enrolled Agent exam on her first try. Way to go, Patricia....**Dorothy Tyson** is continuing to recover after having a stent inserted into a coronary artery. It was 80% blocked! In mid-March the doc told Dot to get rid of stress, so she cut back on her hours. We all need to pay attention to what the long hours of tax season do to our bodies....**Clara Powell** just had her existing stent cleaned out with a pressure washer or roto rooter or something equally technical. Glad you are doing so well, Clara....Our sympathy is extended to **Ron Scheon** from the Sanford Chapter whose wife passed away in March....Did you know **Laura Brady** is a Town Commissioner in Robbins? At the last minute she agreed to run as a write-in candidate and was the top vote-getter. So now she also is Mayor *pro-tem*. Her office is across the street from the unmentionable competitor, so everyone in town knows her name....Send your news items to [pataccnt@asheboro.com](mailto:pataccnt@asheboro.com) or fax to (336) 626-0072.

## 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.

The next meeting will be May 29, at Prime Sirloin.

### Charlotte

The February meeting was held February 27, at Captain's Galley Restaurant, with Marva Adams and Norman Little of the NC Department of Revenue as speakers. They updated the chapter on North Carolina changes to withholding, sales and estimated taxes. There were 12 members and 4 guests attending.

The March 27<sup>th</sup> meeting was held at Captain's Galley Restaurant. Seven members and one guest attended. David Rollins discussed ways to grow the chapter and state membership.

Future programs will include:

April 17 – After Tax social

May 22 – Legislative update with Curt Lee

June -- Installation of new officers

### Cape Fear

The February meeting featured Greg Kline from Edward Jones speaking on retirement plan types limits, rule, and deadlines for all business entities. The chapter met at the Barn Restaurant in Fayetteville on February 20, at 6:30 pm. Thirteen members and 2 guests attended the meeting.

Marsha Wheeler has made a basket to be raffled off for the scholarship foundation. The drawing will take place in April. Tickets are \$5.00 each.

On Monday, March 20, 6:30 pm, at the Barn Restaurant in Fayetteville, Bill Fischer spoke to 15 members and 2 guests on Form 2555, the foreign earned income exclusion. Bill described the tests a taxpayer must meet in order to exclude income earned while out of the country.

The next meeting will be April 24, 2006, at the Brass Lantern in Dunn, NC, and will feature U.S. Rep. Bob Etheridge.

### Central

Central Chapter met 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 will meet Monday, April 24, at 6:30 PM, at Nascar Café in Greensboro. Richard C Capps, Financial Advisor with Wachovia Bank, will speak on tax and investments.

### 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 next meeting will be held on May 23.

### Burlington

The March 23<sup>rd</sup> meeting will be held at Kimber's Restaurant in Gibsonville at 6:30 pm. An open discussion will be featured.

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.

### 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 [lfacct@bellsouth.net](mailto:lfacct@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](http://IRS.gov), click on tax professionals, and click on enrolled agents.

## **NCSA 2006 CONVENTION REGISTRATION FORM**

PLEASE PRINT LEGIBLY TO AVOID ERRORS AND DELAYS ON-SITE

**Name** (To appear on Badge) \_\_\_\_\_

**Spouse/Guest Name** \_\_\_\_\_

**Children's Names** \_\_\_\_\_

**Street Address** \_\_\_\_\_

Address should be the billing address of your credit card, if you decide to pay by credit card.

**City/State/ZIP** \_\_\_\_\_

**Phone** \_\_\_\_\_ **Fax** \_\_\_\_\_

# Hilton Riverside Wilmington

**Plan your family vacation now** in conjunction with the NC Society of Accountants Annual Convention!

Special group room rates are available as follows:

*All rooms in the group block are in the Hilton Wilmington Riverside and are priced per night single or double.*

NCSA Group code for reservations is **SAC**.  
Each room is \$99 per night.  
Guaranteed riverfront room  
subject to \$10 additional charge per room.

\$5 per day parking fee will apply to all overnight guests and daily attendees

The above rates will only be available until **May 24, 2006. Make your reservations early, this room block is expected to sell out fast!** Once this block is sold regular rates will prevail *if* rooms are available.

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

### TOTAL FEES BEING SUBMITTED WITH THIS FORM

**Amount** \$ \_\_\_\_\_ **Method of Payment:**

Check # \_\_\_\_\_ Visa \_\_\_\_\_ MC \_\_\_\_\_ AE \_\_\_\_\_

Make checks payable to NCSA and return with this registration brochure to:

**Post Office Box 1126, Conover, NC 28613**

Credit Card # \_\_\_\_\_ Exp. Date \_\_\_\_\_

\_\_\_\_\_  
**Signature**

### Registration Fees\* \*Registration Fees Include all Convention Events EXCEPT Golf and CPE (make your hotel reservation separately)

	# Attending	Registration (Prior to June 1st)	Registration (After June 1st)	Total
Members	_____	\$160.00	\$185.00	_____
Spouse/Guest/Children (16 & older)	_____	\$120.00	\$140.00	_____
Children Age 6 to 15	_____	\$100.00	\$115.00	_____
Children under 6 are free	_____	\$ 0.00	\$ 0.00	_____
Golf	_____	\$ 60.00	\$ 60.00	_____
CPE: 8 hours <i>(includes continental breakfast)</i>	_____	\$ 30.00	\$ 30.00	_____
<b>Separately Paid Items</b>				
Business Session	_____	\$ 30.00	\$ 35.00	_____
Luncheon Honoring Past-Presidents	_____	\$ 30.00	\$ 35.00	_____
Theme Dinner—Adult	_____	\$ 50.00	\$ 55.00	_____
Theme Dinner—Child (6 to 15)	_____	\$ 35.00	\$ 40.00	_____
Installation Banquet—Adult	_____	\$ 60.00	\$ 65.00	_____
Installation Banquet —Child	_____	\$ 35.00	\$ 40.00	_____
<b>Total Amount being submitted</b>				\$ _____

## Misclassified Employees

Most employers make every effort to meet their employment tax obligations, according to the IRS. They take care to review all factors affecting their relationship with their workers and classify them as employees or independent contractors. Occasionally, an employer makes an error and classifies an employee as an independent contractor and has to correct that mistake.

When an employer does incorrectly classify an employee as an independent contractor, the employer still is responsible for paying the employee's federal income tax withholding and the employer's share of FICA, even if it was not withheld from the employee's wages. Penalties and interest also may apply.

All of these payments can add up for the employer, but the good news is that the IRS does provide some relief for employers who may have made a classification error. The Internal Revenue Code (§3509) provides an opportunity to correct the tax treatment of misclassified employee. They need to provide evidence that the employee reported the income on their federal income tax return and paid the federal income tax due. The employer who requests relief must have the employee sign a Form 4669, *Employee Wage Statement*, stating that the income was reported and the taxes attributable to the income have been paid. The employer must complete and sign Form 4670, *Request of Relief from Payment of Income Tax Withholding*, and submit this form along with any properly executed Form(s) 4669 to request relief from payment of this tax liability. This does not relieve employers of any penalties or additions to tax for failure to withhold the tax.

However, an employer will not owe employment taxes for misclassified workers, if they meet all three of the following requirements:

1. The employer must have had a reasonable basis for not treating the workers as employees. An employer will be treated as having a reasonable basis if the treatment of such worker was in reasonable reliance on any of the following:
  - Judicial precedent, published rulings, or technical advice with respect to the taxpayer.
  - A past IRS audit in which there was no employment tax assessment attributable to the treatment of the individuals holding positions substantially similar.
  - A long standing recognized practice of a significant segment of the industry in which such individual was engaged.
2. The employer must have treated the worker and any similar workers as independent contractors for all applicable periods beginning after December 31, 1977.
3. The employer must have filed Form 1099-MISC for each worker, if such form was required.

However, this relief provision does not apply in the case of a worker who, pursuant to an arrangement between the business and a client, provides technical services for the client as an engineer, designer, drafter, computer programmer, systems analyst, or other similarly skilled worker engaged in a similar line of work.

## 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.

## SPRING PAS

The Spring PAS will be at the Durham Hilton near Duke University, 3800 Hillsborough Road, Durham. Reserve your hotel room now by calling the hotel at (800) 445-8667.

The classes will be held May 18-19. Susan Wiedman, CPA, will speak on Accounting for Retirement Plans; Skip Easterly from the NC Department of Labor, will speak on Conflict Resolution; Cheri Meyers, head of the Corporations Division for the Secretary of State, will speak on Corporations and Annual Reports; John Ayers, CPA, will speak on Accounting for Corporate Liquidations and also Statement of Cash Flows; James Blackburn's talk is entitled "Ethics: The Unforgiving Minute;" and David Johnson from the NC state bar will speak on Practicing Law Without a License.

## REGISTRATION

**Registration includes breakfast, lunch, and breaks for both days.**  
*The PAS will conclude Friday afternoon with a Chocolate Fantasy treat!*  
*You will not want to miss it!*

**Please complete and return this form to the NCSA office:**

NCSA, Post Office Box 1126, Conover, NC 28613

Phone: 866-755-6272 Fax: 828-695-2522



	Before May 1 <sup>st</sup>	After May 1 <sup>st</sup>
Member	\$220.00	\$245.00
Non-Member	\$280.00	\$305.00

**10% discount available for each additional registration from the same firm if registration is received before May 1<sup>st</sup>**

Name \_\_\_\_\_

Address \_\_\_\_\_

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

Telephone \_\_\_\_\_

Credit Card Number \_\_\_\_\_

Exp. Date \_\_\_\_\_

Billing Address for Card \_\_\_\_\_

Signature \_\_\_\_\_

**METHOD OF PAYMENT:**

\_\_\_\_\_ Check (Make payable to NCSA)

\_\_\_\_\_ Visa

\_\_\_\_\_ MasterCard

\_\_\_\_\_ American Express

**Spring PAS**

## **NCSA Schedule of Events**

### **2006**

May 5—**District IV Networking**—  
Holiday Inn—Jekyll Island, GA

May 6—**Low Country Tax Release**—  
Holiday Inn—Jekyll Island, GA

May 18—**NCSA Board of Directors Meeting**—  
Durham Hilton near Duke University-5:30 pm

May 18-19—**Spring PAS**—  
Durham Hilton near Duke University-8 am

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

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

November 29-30—**PTI**— Best Western Uptown—Charlotte

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

### **2007**

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

June 22-24—**Annual Convention**—Winston-Salem

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

## **2005-2006 OFFICERS**

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