



The Accountant

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of the North Carolina Society of Accountants

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November 2006

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A Message From The President

Wayne O. Parker

I trust we all survived the October 15th extensions. Now is the time to rest up for the coming filing season, that is, if you can find the time. It's the holiday season with Halloween, Thanksgiving, and Christmas to celebrate, and, of course, the income tax schools to attend. Then we will be rested and ready, right!

Denise Hammond and I were able to attend the NSA District IV meeting in Jacksonville October 20th -21st. We met with other members from Florida and Georgia, and we discussed issues of membership, leadership, education, and legislative and how NSA can help.

On October 27, Ronald Powell did an exceptional job with the Practitioner's Forum, and it was a great success. Thank you to all that attended and gave your input. Many questions were answered by the IRS representatives.

Remember NCSA will again sponsor the Professional Tax Institute (PTI) 1040 Conferences at the following locations:

November 28-29 -- Embassy Suites, Greensboro.

November 30-December 1-- Ocean Reef Resort, Myrtle Beach, SC

December 12-13 -- Best Western Charlotte Uptown, Charlotte.

Also, remember the NC State Income Tax Schools at various locations across the state from November 27 through December 7.

Before we know it, it will be convention time. Steven Pace and his committee are working diligently to provide a great convention. Please mark your calendars to attend the June 2007 Convention and Summer PAS in Winston Salem at the Embassy Suites Hotel on June 20th – 24th.

Thank all of you for your support; you are what make NCSA great.



Wayne O. Parker



Energy Credit

Announcement 2006-88 states that either Residential Services Network (RESNET) Publication No. 05-001 or RESNET Publication No. 06-001 may be used to determine whether a dwelling unit qualifies for the New Energy Efficient Home Credit. A taxpayer may calculate heating and cooling energy and cost savings using the procedures contained in either RESNET publication.

Chapter News

Hickory

The August meeting was held at Prime Sirloin in Hickory on August 28th, and featured Stephen Metelits speaking on the Production Activity deduction. Attending were 8 members and 2 guests, including NCSA Board Member, Danelle Hills.

Robert Meador, a student member, was dropped at his request.

The September 25th meeting was held at Fire Mountain Restaurant in Hickory at 6:30 pm, attended by 7 members and 2 guests. Erika Challita, of Olive Hill Community Education and Development, spoke on reverse mortgages. Erika is a certified counselor for reverse mortgages.

The October meeting was held at Fire Mountain on October 30, at 6:30 pm. Eight members and 4 guests were in attendance. State Senator Jim Jacumin shared some personal background with us, and discussed immigration issues.

The chapter expressed condolences to Alene Dale, President, and Susan Moore, Treasurer, on the loss of their husband and father, Bob Dale. Bob was a frequent guest at chapter meetings and will be missed.

Charlotte

The October meeting was held on October 23, with 14 members and 3 guests in attendance. Jense Haynes spoke on fee schedules and practice management.

Future programs will include:

November 27	--	Mary Bruce—Practice Management
January 29	--	IRS
February 26	--	Health Savings Plans

Cape Fear

The speaker for the September 18th meeting was Wayne Goodwin, Associate Commissioner of Insurance, discussing his department and what they handle. Seventeen members attended.

The October meeting of the Cape Fear Chapter was held October 16, at the Barn Restaurant in Fayetteville, at 6:30 pm. Pamela J. Wortham, CPA, Deputy State Treasurer spoke on "The Impact of the State on the Economy." She went through a power point presentation about the Department of the State Treasurer. The meeting was attended by 9 members and 1 guest.

The next meeting will be November 20 at 6:00 pm. It will be held at the Front Street Café in Lillington, NC. Stephen Metelits will speak on the production deduction.

Central

The August meeting was held at the Pavilion Restaurant in Greensboro on August 28 at 6:30 pm. Susie Helton, an insurance underwriter and a member of the Burlington Chapter, spoke on workmen's compensation.

Central Chapter met on September 25, with 6 members and 3 guests in attendance. Paul Mitkish, CMFC of Wachovia Securities spoke on 529(b) education plans.

The Christmas party will be held at Sagebrush Steakhouse in Asheboro on December 4.

The chapter legislative meeting was held October 23, 2006 at the Sheraton Hotel, Greensboro, 6:00-9:00 pm. This was a joint chapter meeting with Burlington and Piedmont. Central chapter had 5 members and 3 guests in attendance. Representative Maggie Jeffus and Senator Hugh Webster spoke. Representative Jeffus shared information about bills introduced in this session and mentioned that the state had to borrow from the state retirement system. Senator Webster called for full-time legislators and applauded the community colleges for the services they provide. He spoke adamantly about the tobacco allotment buyout program and the difficulty in properly reporting it.

The next meeting will be November 27, at the Pavilion Restaurant at 6:30 pm.

Raleigh

The chapter met on September 26, with 12 members and 5 guests attending. Wayne Parker, NCSA President, installed new officers:

Mary Fuller – President

Richard Reedman – Vice President

Robert Pia – Treasurer

Larry Grossman – Secretary

Nancy Davison, PT, MA, LA, of Traditional Acupuncture and Rehabilitation, gave a brief talk and demonstration on reducing pain and strain. Particular attention was given to avoiding back pain.

The October meeting was held on October 24th, and featured Stacie Schultz speaking on organizing your office. Ten members and 2 guests attended.

One chapter member was dropped.

The next meeting will be November 28, with Stephen Metelits giving a presentation on the production deduction.

There will be no December meeting.

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(Chapter News continued)

Burlington

The chapter meeting was held August 24th, at Kimbers Restaurant at 6:30 pm, with 8 members and 2 guests in attendance. Cheri Myers of the NC Secretary of State's office, Corporations Division, gave a "Corporations Update". She discussed types of business entities, similar corporate names, and prohibited words. She also talked about e-services available and grounds for administrative dissolution.

The September meeting of the Burlington chapter was held at Kimbers Restaurant at 6:30 pm on September 28th, with 5 members and 3 guests present. Wayne Parker, President of NCSA, spoke on Ministers' Tax Returns.

One chapter member, Lenny Williams, was dropped.

The October meeting of the Burlington Chapter was a joint meeting with Central and Piedmont Chapters. Hugh Webster, Senate District 24, and Maggie Jeffus, House of Representatives District 59, were speakers for the evening. A total of 28 members and guests were present. The meeting was held at the Sheraton at Koury Convention Center, Greensboro, at 6:00 pm, Monday, October 23. It was an informative, enjoyable opportunity to meet with our legislators and get to know them better.

Sanford

Sanford Chapter met on August 22 with guest speakers Florence Black and Cheryl Hudson presenting a program on "Chapter Cup Criteria and Membership Benefits." Ten members and 3 guests attended the meeting.

The September meeting was held at the office of Elizabeth C. Kelly, 217 Steele Street, Sanford, on Tuesday, September 19, at 6:00 pm. The presentation was given by Frances Garney-Irwin on "A Preparer's Guide to Missed Depreciation." She discussed catching up on missed depreciation using Form 3115.

Sanford Chapter met on October 17 at the office of Elizabeth Kelly with 4 members. The topic of discussion was the investment interest deduction and Form 4952.

There will be no meeting in November, due to conflicts with tax schools. The next scheduled meeting will be Tuesday, December 5, at 7:00 pm, at the office of Elizabeth Kelly.

Piedmont

The August 31st meeting was held at the Pioneer Restaurant in Archdale at 6:30 pm. There were 12 members and 2 guests present. David Hooker, Past President of NCSA, discussed income tax basis financial statements.

The September meeting was held on the 28th at Golden Corral in High Point, with 8 members and 3 guests in attendance. Stephen Metelits spoke on the domestic production activities deduction.

The October meeting will be a joint legislative meeting with Burlington and Central at the Koury Convention Center at 6:00 pm, October 23, 2006.

Western

The September 26th meeting was held at Shoney's Restaurant in Arden with 9 members and 6 guests in attendance. Rod Kight, a bankruptcy attorney, gave a presentation on the various kinds of bankruptcy and ways to help clients through the process.

The October meeting was held at the Olive Garden on Tunnel Road in Asheville on the 24th, with 9 members and 5 guests in attendance. Jeff Porter was the featured speaker, providing 2 hours of ethics. Mr. Porter was presented with honorary membership for his dedication to the Western Chapter.

No meeting is scheduled for November. The next meeting will be the Christmas party in December, date and site to be determined.

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.

NSA District IV Meeting

Denise Hammond

The NSA District IV meeting was held in Jacksonville, Florida, on October 20. Attendees included NCSA officers, Wayne Parker and Denise Hammond; NSA First Vice President, Andy Morehead; District IV Governor, Martha Bell; and officers and members from North Carolina, South Carolina, Georgia, and Florida.

Among the issues discussed were memberships for ASO's and NSA, educational plans for the upcoming year, and membership requirements.

North Carolina will host the District IV conference in 2007. The other states have requested another Woolly Worm event. Any volunteers for the roundup?

Recently Closed IMRS Issues

IMRS 06-0000331 – CP 2000 Notices

Issue: Practitioners ask that IRS delay or reduce sending notices (mostly CP 2000) during filing season as this forces them to stop their primary income producing activity of preparing tax returns in order to respond.

Status: Practitioners were advised that the IRS cannot change the Automated Under Reporter procedure used to issue CP 2000 notices. Because of the large volume, notices are issued throughout the year to allow employees to answer phone calls and correspondence generated from these notices in a timely manner.

IMRS 06-0000326 – Centralized Authorization File (CAF)

Issue: Practitioner complained that IRS.gov did not explain what a CAF number was and how to obtain one.

Status: New explanation was written and submitted as web content.

IMRS 06-0000321 – Offers-in-Compromise (OIC) & Installment Agreements

Issue: Under the Tax Increase Prevention and Reconciliation Act (TIPRA), taxpayers submitting a deferred payment offer must pay the initial installment payment and all subsequent installment payments while the offer-in-compromise is being reviewed. Taxpayers submitting an offer, who also have existing installment agreements, feel that this is a significant burden as they are now required to make duplicate or extra payments in order to have their offer considered while keeping their installment agreement current.

Status: OIC procedures required taxpayers with an installment agreement who subsequently submitted an OIC, to continue making the installment payments while their offer was being considered. The recently enacted TIPRA legislation required taxpayers to make payments when they submitted a deferred payment offer. For taxpayers already making OIC installment payments TIPRA created a second payment requirement. In order to reduce the number of payments required, we are revising the OIC procedures and Form 656. OIC procedures will no longer require both the installment agreement payments and the OIC payments. Taxpayers will only need to submit the mandatory TIPRA payments.

IMRS 06-0000319 – Form 944, Employer's Annual Federal Tax Return

Issue: Enrolled Agent wants to efile clients' Forms 944. He submits Form 8655 for each client, plus requests on-line efilng PIN for each client. He gets multiple PINs and is confused.

Status: Enrolled Agent should use the PIN issued for reporting agent to file multiple 944s at one time. The PIN for on-line efilng is for the client to file their own 944, not for the Enrolled Agent/practitioner.

IMRS 06-0000317 – Electronic Federal Tax Payment System (EFTPS) PIN

Issue: Practitioners would like to receive their EFTPS PIN in real-time (electronically) instead of waiting two weeks to receive via the U.S. mail.

Status: Real time delivery of the pin will require a better means of authenticating who is enrolling. Many authentication methods currently exist but privacy and disclosure concerns have prevented their use by EFTPS. The suggestion that the e-file and pay automatic enrollment model (for 1040 ES payments) should be used to speed up regular EFTPS enrollment, is problematic. There is a difference in accepting electronic payments connected with an electronic filing of a tax return and automatically accepting immediate payments from anyone seeking to enroll.

Several EFTPS enhancements have been proposed that would bypass this process in order to shorten the enrollment time and permit immediate payments. In each case an assessment of risk determined that the risks to the taxpayer and the system outweighed the benefits to be gained. The EFTPS Financial Agent advised that express enrollment is still possible for up to a year after the initial letter is received. All the taxpayer needs to do is activate the enrollment in accordance with the instructions they were sent when they received their EIN. This activation information is also available by dialing the toll free customer service number and talking to a customer service rep. If more than a year has passed, they can enroll using the website. The Agent also reported that it usually takes considerably less time than two weeks to receive a PIN and enrollment confirmation package. Tax professionals should encourage their clients to activate their enrollments even if they do not anticipate needing to make payments right away. Your suggestion is being elevated for consideration in the development of new enrollment enhancements.

The delivery of the pin by mail is a best practice followed by most financial systems involved with electronic payments to address security and disclosure concerns.

IMRS 06-0000313 - Split Refund Initiative

Issue: Practitioners are asking if, under the Split Refund Initiative, their clients will be allowed to designate that a portion of their refund be sent to their return preparer to cover their fees. They also ask that if an amount is designated to go to a Retirement Plan, such as an IRA, does the IRS have procedures to ensure the institution will accept it?

Status: The answers to these questions and more can be found on IRS.gov at:

<http://www.irs.gov/individuals/article/0,,id=161600,00.html>

IMRS 06-0000305 – Publication 15, Circular E Employers Tax Guide

Issue: Practitioners suggest that Publication 15, *Circular E Employers Tax Guide*, 15A, *Employer's Supplemental Tax Guide* and 15B, *Employer's Tax Guide to Fringe Benefits* be consolidated into one.

Status: Issue was submitted to Forms and Publications for consideration. Tax Forms and Publications

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Recently Closed IMRS Issues *(continued from page 4)*

furnished the following information: Due to size and cost considerations, the IRS does not plan to consolidate these publications. IRS developed Publications

15-A and 15-B to address topics that do not concern the vast majority of employers. Removing these topics from Publication 15 makes it easier for employers to find the most common topics. Publication 15 is currently the only one of the three documents that is mailed to every employer. Publications 15-A and 15-

B are printed in much smaller quantities and are distributed on an "ask for" basis. Combining the three publications into one would make the product larger and more expensive to mail.

IMRS 06-0000301 & 06-0000278 – Form 990, Return of Organization Exempt from Income Tax

Issue: Practitioners advised that Ogden Campus was not recognizing when extensions were filed and accepted.

Status: Ogden determined that problems arose from two systemic issues which have been corrected. Impacted stakeholders are asked to submit proof of timely filing of extensions.

IMRS 06-0000295 – E-News Subscriptions

Issue: Practitioners would like E-News for Practitioners to announce when new subscription services become available.

Status: Issue was elevated and, as a result, practitioner newsletters will make it a practice to announce new subscription offerings.

IMRS 06-0000265 – Choosing a Trust Return Preparer

Issue: Attorney requested that the Service issue a Press Release to taxpayers and tax practitioners regarding choosing a trust return preparer because he feels that not all practitioners, administrators, and trustees are aware of the changes to the definition of income under Section 643(b) of the Internal Revenue Code.

Status: Article appeared in E-News for Tax Professionals on August 28, 2006.

IMRS 06-0000256 – Schedule B of Form 941, Report of Tax Liability for Semiweekly Schedule Depositors

Issue: Enrolled Agent advised that the previous version of Schedule B of Form 941 was easier to use. The Office of Burden Reduction changed the Schedule B of Form 941 from seven lines and five columns to eight lines and four columns to list deposit dates for the employment taxes. It was easier to list deposits on the previous version since the same day of the week followed straight across the form.

Status: The Office of Burden Reduction does extensive focus testing internally and externally on forms before they are released and they have a process in place to analyze patterns in problems after the release of the form. The Schedule B format was changed to get all subtotal information to the right hand side of the page by itself for each month of the quarter; there simply was not enough room to incorporate 4 columns. Some of the changes included: larger space for writing entries; larger signature area as many taxpayers were forgetting to sign the form; an added section for paid preparers to complete and additional lines with descriptions to enable taxpayers to properly categorize adjustments. In addition, the new form design allows IRS to optically scan the forms and capture data more accurately and efficiently.

IMRS 06-0000216 & 06-0000081– Uniform Definition of a Qualified Child

Issue: Arkansas Society of Enrolled Agents would like a headliner providing guidance on issues related to the Uniform Definition of a Qualified Child.

Status: The IRS is currently writing Treasury Regulations to further clarify the definition. Unfortunately, they may not be ready for release for comments until the latter part of 2007. Until then, preparers and taxpayers are encouraged to review the information at IRS.gov, keyword Dependents/Exemptions, and Publication 501. New information will be posted as soon as it becomes available.

IMRS 06-0000184 – Contacting ACS Employees

Issue: Tax professionals complain that corresponding via regular mail is time consuming. They would like to be able to contact ACS employees via phone or email. If they call by phone, they always end up with a different assistor. They would like to be able to contact the same one so they don't have to constantly repeat themselves.

Status: Practitioners were advised that the first available assistor takes the call from the queue. The assistors are assigned to work the queue on random schedules after which they return to their regular duties. An assistor may work the telephone banks today and not be on the phone bank again for days or weeks. Also, the assistors working the queue may be working in different Campuses across the country. The phone system does not have the capability to transfer from one campus to the other. Therefore, when a practitioner calls back, the assistor who takes the call has no way of knowing who is working the phone banks and is unable to transfer calls. However, each assistor enters a history in the taxpayer's account so the next person working with the practitioner/taxpayer will know what was previously done.

IMRS 06-0000181 – Check the Box

Issue: Practitioners report that, when they call the IRS to request information, a power of attorney is requested, despite the existence of the Check Box Authorization.

Status: Check Box authority is addressed in Headliner #181, *Power of Attorney Questions and Answers*.

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Recently Closed IMRS Issues *(continued from page 5)*

IMRS 06-0000085 – Schedule 8283 – Noncash Charitable Contributions

Issue: Preparer recommends that the use of the term “various” in the “date acquired” field be allowed to eliminate the hardship which results when a taxpayer donates many small items.

Status: For Tax Year 2005 and later, the record layout specifications for that field were changed to permit the use of the term “various” for the date acquired. This change was made after the regular publication of the record layouts in Publication 1346, *Electronic Return File Specifications and Record Layouts for Individual Tax Returns (Tax Year 2005)*, and so perhaps not all software providers made this change to their programs. We recommend that you check with your software provider to determine if the change will be in place for Tax Year 2006.

IMRS 06-0000083 – W-2s, Wage and Tax Statement

Issue: Practitioners request that the IRS capture state withholding information from W-2s. Practitioners have stated they do not have another readily available source for the information.

Status: The IRS currently receives W-2 information from the Social Security Administration (SSA). However, state tax amounts are not included. SSA has stated that it would be very expensive for them to program this additional data for transmission to the IRS. The IRS is exploring the concept of a “data clearinghouse” to receive and disseminate all taxpayer information but is focusing its immediate resources on short-term expansion of current information systems. The proposed clearinghouse would potentially house taxpayer information from Forms W-2 as well as the “families” of Forms 1098 and 1099. It would serve as a single collection and dissemination point for the forms that could be made available to government entities and taxpayers. As always, cost and budget constraints are major factors in changes as extensive as this. For the most recent updates on programs and projects, practitioners can subscribe to E-News for Tax Professionals through IRS.gov.

IMRS 06-0000080 & 06-0000079 – Checks and Notices

Issue: Checks and their related notices are being issued weeks apart. This results in unnecessary phone calls to the tax professional and the IRS. We need a system to ensure they are sent simultaneously.

Status: This is a systemic issue that results from notices being generated by the master file when the return information is posted. The refund check is issued prior to the notice being generated. Paper refund checks and notices are mailed separately but usually very close together at the end of each processing cycle. However, since direct deposit checks are not mailed, they can be received by the taxpayer 10 days before the notice is mailed. We will add this information to discussions of direct deposit in the appropriate instructions and publications to let taxpayers know that if the amount of their refund is not what they expected, they will receive a notice shortly to explain the difference.

IMRS 05-0000032- Estimated Tax Payments

Issue: Stakeholder asks if married taxpayers can use EFTPS to make separate estimated tax payments and if those estimates will be properly credited to a joint income tax return

Status: Any taxpayer can enroll and make payments through EFTPS under his/her own SSN regardless of whether they are listed first or second on a married filing joint account. If the taxpayer has not attempted to enroll in EFTPS, they may do so by entering only their SSN during the enrollment. If both spouses’ SSNs are entered during the enrollment, the enrollment will default to the primary SSN and payments will post under the primary SSN. If the taxpayer has already attempted to enroll in EFTPS with only her SSN and the enrollment was not successful, the problem most likely relates to the SSN and name matching process. If the enrollment rejected due to an SSN/Name mismatch, the taxpayer may contact the IRS e-help desk at 866-255-0654, Option 4 (EFTPS) for assistance with entity validation concerns.

IMRS 05-0000010 – Contributions to Self-Employed Retirement Plans

Issue: Examination initiated a Compliance Initiative Project on erroneous deductions for contributions to self-employed retirement plans. Practitioners ask if we could do pre-filing education and alert the software providers to increase the accuracy of returns at filing and reduce the need for subsequent examinations.

Status: Published Headliner #168, *Incorrect Deductions for Retirement Plans for Self-Employed Individuals*. Our research indicates that this is not a single software company issue. We are working with Electronic Tax Administration to get information to the software developers and ask that they build some controls or reminders into their products.

IMRS 05-0000003 – Estimated Tax Payments

Issue: Married taxpayers who make joint estimated tax payments and then file separate returns report difficulty in having the estimated payments properly applied to the separate returns.

Status: The IRS currently has a process to systemically research for payments when a discrepancy exists between the amount of credit present on file and the amount being claimed on the return. When payments are submitted in a manner inconsistent with how a return is filed, programming attempts to find the payments by researching the accounts indicated by the TINs that are present on the tax return. There may be instances where the payments cannot be moved systemically, but these are not the norm and can usually be explained by safeguards put in place to prohibit possible misapplication of payments.

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Recently Closed IMRS Issues *(continued from page 6)*

We recommend, if the taxpayers are truly uncertain whether they will file separate returns or elect to file jointly, and if both spouses need to make estimated payments, they make separate estimated payments during the year. If, upon filing the returns, there are difficulties in getting the estimated payments properly applied, tax professionals can contact the Practitioner Priority Service to resolve the issues.

IMRS 06-0000340 – Form 2210, Underpayment of Estimates Tax by Individuals, Estates and Trusts

Issue: Practitioners would like the option of filing more than one Form 2210 when e-filing.

Status: ETA advises they are increasing the number of allowable Forms 2210 to two for Tax Year 2006.

IMRS 06-0000338 – Collection Due Process (CDP) and Offers-in-Compromise (OIC)

Issue: CPA states that a CDP request on the issuance of a lien has nothing to do with an offer-in-compromise. Yet, for the offer to continue, the taxpayer must give up his right for a Collection Due Process Hearing. CPA feels that this is unfair.

Status: The current Appeals policy does not require you to withdraw your CDP hearing request or your Offer in Compromise. The Offer will be sent to Appeals and Appeals will consider it in the same manner as the Offer is considered in Collection. An Offer in Compromise must come under the jurisdiction of Appeals as a result of the CDP filing because an Offer in Compromise is a collection alternative. IRC 6330(c)(2)(A) requires Appeals to consider collection alternatives. Since an OIC is a collection alternative, the law requires that Appeals consider and make a determination on it as part of the CDP hearing.

1098-T

Form 1098-T is not acceptable documentation for educational expenses. Some taxpayers mistakenly believe the form serves as a record of educational expenses paid. However, the form, issued by universities, only documents tuition that the school billed, not what the student paid. Tax professionals are reminded to make sure all tuition and expenses claimed are backed up with thorough records.

2006 Special Enrollment Exam

In IR2006-155, the IRS announced that the new version of the 2006 IRS Special Enrollment Examination is ready. The test, required for those who want to become Enrolled Agents, has been substantially revised and is being offered more often and in more places than in the past.

The exam has been reformatted from the four sections to three to more accurately reflect the current state of the art in taxpayer representation. Each of the three new sections (Individuals, Businesses, and Representation, Practice, and Procedures) has about 100 questions.

The IRS worked with Thomson Prometric, a company specializing in assessment services, to develop the test. The exam was redesigned with new content derived from extensive involvement by subject matter experts from the Enrolled Agent community.

Additional changes make taking the test more convenient than ever:

- The examination is offered throughout the year, providing candidates the opportunity to take the examination at a time that fits their schedules;
- The test is offered at approximately 290 testing centers in a highly secure, professional testing environment;
- Candidates no longer are required to take the entire exam in one sitting;
- Starting in May 2007, candidates will have their exam results in-hand before leaving the test site;
- Candidates will be able to retake each part of the examination several times each year; and
- There no longer is a deadline for registering. Candidates now apply on-line throughout the year and pay with a credit card.

Mark Your Calendars Annual Convention Dates to Remember

2007

June 21-22 Embassy Suites—Winston-Salem

2008

June 20-22 Durham Marriott—Durham

Appeals Arbitration Process

In IR-2006-163, the IRS announced that the Appeals arbitration process no longer is a pilot program but part of business as usual. In arbitration, the IRS and taxpayer agree to have a third party make a decision about a factual issue that will be binding on both parties.

Previously, a pilot program for cases in Appeals in which a taxpayer and IRS jointly could request arbitration on certain unresolved factual issues. When a limited number of factual issues remain unresolved during the course of an appeal, the taxpayer or IRS can request arbitration and jointly select an Appeals or non-IRS arbitrator from any local or national organization that provides a roster of neutrals.

The permanent arbitration procedure may be used to resolve issues while a case is in Appeals, after settlement discussions are unsuccessful, and, generally, when all other issues are resolved except specific factual issues for which arbitration is requested.

Arbitration is not available for all issues. Some examples include legal issues, issues already in any court, issues in a taxpayer's case designated for litigation, collection cases with certain exceptions, and frivolous issues.

Travel Expenses

In Rev Proc 2006-41, the IRS updated the deductions for meals and travel expenses.

The first big change is for meal expenses. These currently are 50% deductible. For 2006-7 they go to 75%. Beginning in 2008, the amount deductible for meal expenses goes to 80%.

The *per diem* rate goes to \$52 in the US and \$58 overseas. For incidental expenses only, the rate is \$3 per day. Using the high-low cost rates, they are \$58 and \$45. The high rates are for cities listed by the IRS during the dates the IRS considers high.

In Rev Proc 2006-49, the standard mileage rates for 2007 are: 48.5¢ per mile for business, 14¢ per mile for charity, and 20¢ per mile for medical and moving.

Online Payment Agreements

In issue 2006-35 of the *News for Tax Professionals*, the IRS announced the *Online Payment Agreement*, a new tool to resolve federal income tax liabilities.

The online application, available at www.irs.gov, allows taxpayers or their authorized representatives to self-qualify, apply for an installment agreement, and receive immediate notification of approval. Three payment options are available:

- Pay in full in 10 days.
- Short-term extension up to 120 days.
- Monthly payment plan.

To be eligible for an installment agreement, you must have filed all required tax returns and paid your estimated tax payments, if required.

NCSA Schedule of Events

2006

November 27-28—**NCSU Tax Schools**—Asheville and Raleigh

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

November 29-30—**NCSU Tax Schools**—
Charlotte & Winston Salem

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

December 4-5—**NCSU Tax Schools**—Greenville & Greensboro

December 6-7—**NCSU Tax Schools**—
Fayetteville and Wilmington

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

2007

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

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

June 21—**Summer PAS**—Embassy Suites— Winston Salem

June 21-22—**Annual Convention**—Embassy Suites—
Winston-Salem

June 23—**Board of Directors**—Embassy Suites—
Winston Salem, 9 a.m.

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

September 21-22—Fall PAS—Hilton Near Duke, Durham

September 28-30—NSA Leadership—Tampa/St Pete, FL

2008

May 2—**Board of Directors Meeting**

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

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

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