



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

November 2008

Inside this Issue

Chapter News	2
2008 Emergency Tax Act	3
ACAT	3
Where are we headed?	4
New On-Line Business Registration	4
Guarantees for Money Market Funds	4
Economic Stimulus	5
Medicare	5
Emergency Economic Stabilization Act of 2008	5-6
NCSA Directory Updates	7



A Message From The President

Denise J. Hammond



Denise J. Hammond

Hello to all. We survived September 15th and then October 15th and slid right thru October 31st. Now we can breathe for a few days before we head off to tax school. I would like to give a special Thank You to Norman Green, Tammy Baxter, and Victor Barbo for the information on the stimulus credits.

In July we started our 5- year plan to increase NCSA membership. Part 1: FREE membership for the 2008-2009 year. We have picked up a few new members but not quite as many as we had hoped for. Public Relations chair Steven Pace is planning to have membership tables set up at several of the upcoming tax schools; if you are willing to help, please give Steven a call.

Our Right to Practice is very important to us. Our Legislative committee and chair Curt Lee as usual has been working very hard attending meetings and speaking throughout the state. He is keeping a very close watch on national tax preparer registration as it continues to be addressed. Contributions to the Legislative Fund can be sent to our Executive Director at our home office.

For those of you that may be traveling over the holidays; Be Safe - Eat Well – and Rest UP. The fun will be upon us before you know it.

2009 Tax Calendars

Eugenia Tabon (she is our stakeholder liaison with the IRS) announced that 2009 tax calendars are available. This 12-month illustrated wall calendar is filled with helpful information on general business taxes, electronic filing and paying options, retirement plans, business publications and forms, and common tax filing dates.

You can order (for free) up to 100 (even though the web site says the limit is 5) calendars on-line at this [web site](#). To order by telephone, call (800) TAX-3676.

NCSA brochures and/or registration forms are available on the Calendar page of our web site at www.ncsainc.org.

Chapter News

Burlington

Burlington Chapter met on October 23 at Kimbers Restaurant, Gibsonville. Tom Struckmeyer from Edward Jones spoke on retirement planning.

Cape Fear

Cape Fear Chapter met on October 20 at The Barn Restaurant, Fayetteville. This was the Chapter's annual legislative meeting. Representative Rick Glazer (Dem, Cumberland County) was the featured speaker. Representative Margaret Dickson (Dem, Cumberland County) also stopped by to say, "Hello."

The next meeting will be on November 17 at the Barn Restaurant in Fayetteville. Cindy Blackwell, Cumberland County Assistant Clerk of Superior Court, will speak on Estates.

The Christmas Social will be on December 2 at Big Dawg's Burgers & Fries in Fayetteville. NCSA Past President Stephen Metelits will speak on NC Tax Changes.

Central

Central Chapter met on October 27 at the Sagebrush in Asheboro for their Legislative Meeting. Representative Pat B. Hurley (Rep, Randolph County) was the featured speaker.

The next meeting will be on November 24 at Stephanie's II in Greensboro. The speaker will be Tommy Faggot with Edward Jones to speak on investments.

The annual Christmas meeting will be held at the Sagebrush Steakhouse in Asheboro on December 8.

Charlotte

Charlotte Chapter will meet on Monday, November 24 at Buffet Dynasty in Matthews. NCSA President-elect J R Lawson and NCSA Chapter Promotions Chair Marsha Wheeler will be the speakers.

The Chapter Christmas Party will be at the home of Ben and Jense Creighton on Monday, December 15.

Reps from NC Dept of Revenue will speak at the January 26, 2009 meeting.

Hickory

Hickory Chapter met on October 27. NCSA Past President Stephen Metelits spoke on North Carolina Tax Updates.

Hickory Chapter now offers one year of free chapter membership to any new member.

The next meeting will be on November 24.

Piedmont

Piedmont Chapter met on October 30 at Clark's Barbecue in Kernersville. Liz Arias, attorney with Womble Carlyle Sandridge & Rice, spoke on Revocable Living Trusts.

Sanford

Sanford Chapter met at the office of Elizabeth Kelly on October 28.

Western

Western Chapter met on October 28 at Shoney's Restaurant on Long Shores Road in Arden. Jeff Porter spoke on "Peer Review and the guidelines his group follow."

The next meeting will be the annual Christmas Party. Date, time, and location will be announced at a later date.

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 taxpros@nc.rr.com or fax to 910-867-1757.

2008 Emergency Tax Act

According to the Tax Pro News published by Jennings Seminars, the 2008 Emergency Tax Act includes:

- Extension to the date for debt discharge for qualified principal residence to December 31, 2012.
- Extension to the business solar credit and geothermal credit through December 31, 2016, and allows it to be applied against AMT for year beginning after October 2, 2008.
- Extension of the residential energy credits through December 31, 2016, the removal of the \$2,000 limit for solar electric property for years starting after December 31, 2008. It also allows a new 30% small wind energy credit to a maximum of \$2,000, all allowed against AMT.
- A new plug-in electric vehicle credit calculated as the total of \$2,500 plus \$417 for each hour of traction battery capacity in excess of 4 KWH. There is a phase-out of the credit beginning at total US sales of 250,000 vehicles. Credits are limited by the weight of the vehicle: \$7,500 for vehicles not more than 10,000 pounds, \$10,000 for vehicles < 14,000 pounds, \$12,500 for vehicles < 26,000 pounds, and \$15,000 for heavier vehicles.
- A new excludable fringe benefit of \$20 per month for years beginning after December 31, 2008, for employer payment or reimbursement of bicycle purchase and improvement costs, repairs, and storage if the bicycle is used for commuting.
- The requirement of brokers to report stock basis with transactions beginning in 2011.
- Extension of AMT brackets through December 31, 2008, increase of AMT exemption amounts, abatement of under payments of tax and related penalties and interest related to the treatment of incentive stock options if outstanding on October 2, 2008, and related ISOs before January 1, 2008, and a refundable AMT credit amount for individuals of 50% of the long-term unused credit.
- Extension of the sales tax, research, and new market credits and a new real property tax, teacher, and tuition deductions, the 15 year depreciation life for leasehold and restaurant improvements and the tax-free IRA transfer to charity rule through December 31, 2009.
- Treatment of farm equipment purchased after December 31, 2008, and before January 1, 2010, as having a 5 year depreciation life.

ACAT

The ACAT has begun to create stand-alone examinations for its two tax credentials, ATA and ATP. As part of the change-over, ACAT is ending several current methods of obtaining the ATP credential.

Potential credential holders have until December 31 to obtain the ATP credential by:

- Demonstrating the successful completion of at least 60 hours of qualifying education in tax preparation and/or planning.
- Being an enrolled agent, attorney, current ATA credential holder, or holder of a Masters degree in taxation.

All credential applicants must have 3 years experience in taxation.

Where are we headed?

Bill Fischer, NCSA Secretary

Many of you don't know me, but there's a pretty good chance I'll become NCSA President in a few years. When I joined NCSA in the early 1980's, membership was almost double what it is today. Many of those members have either retired or died, and our recruitment efforts have fallen far short of the losses.

Membership Chair David Rollins has begun a 5-year plan through which he hopes to double our membership. The incentive for joining is hard to beat—first-year membership is free! I, for one, surely hope David accomplishes his goal.

I believe NCSA's goal should be much more than to protect our right to practice. Yes, this should be our primary goal, but to entice members to keep paying dues and to encourage their co-workers and acquaintances to join, we need to offer more. I believe NCSA should be the "one stop" for education for our members. With the impending national tax preparer registration initiative on the horizon, NCSA should add the goal of ensuring our members have access to the tools they'll need to pass the registration exam, should they be required to take it.

Unfortunately, our Fall PAS had meager attendance. One reason is that the NC Enrolled Agents had their seminar at the same time we did. We all need continuing education, and nationally-known speakers don't come cheap. Maybe we don't have the member base to offer more than one seminar each year. Maybe the answer is to partner with the Enrolled Agents as we do for the Practitioners' Forum. Maybe our own members can teach a class at little or no cost to NCSA (we have done this in the past).

I challenge each of you to think about the future of NCSA and what we can do to make it better. I welcome your comments. Please send me an e-mail, write me a letter, or call me. NCSA needs YOUR help.

New On-Line Business Registration

The NC Department of Revenue has a new on-line registration process for sales and withholding taxes. This new process is easier, faster, and more convenient than registering a business with the old paper form.

Once a business registers on-line, it receives a notice of registration. That notice includes a sales and use tax account identification number and, if applicable, a withholding number, and a machinery, equipment, and manufacturing fuel number. It can take as long as 6 weeks to receive the notice and account numbers if a business submits the paper form. Businesses that register on-line can receive their account numbers in minutes; the certificate of registration hard copy comes in the mail 2-3 weeks later.

This new on-line system is available through the department's [web site](#). It performs the same function as the NC-BR form. The business owner, an employee, or the accountant can do the on-line registration.

Guarantees for Money Market Funds

Like other mutual funds, a money market fund is required to calculate its net asset value (NAV) at least once a day. Money market funds invest with the goal of maintaining a stable NAV of \$1 per share.

A money market fund is said to "break the buck" when its NAV falls below \$1 per share. In the 40-year history of money market mutual funds, this has happened only twice, most recently in September when the NAVs of money market funds issued by The Reserve Fund fell below \$1.

On September 19, the US Treasury announced the establishment of a temporary guarantee program for money market funds. On September 29, the program was opened officially. Both taxable and tax-free funds may participate. Eligible funds must apply and pay a fee to participate. The program is not available to any fund that broke the buck before the close of business on September 19.

The program insures shareholder assets in participating funds as of the close of business on September 19. Only the shares owned as of the close of business on September 19 are insured; money invested in the fund after that date is not insured.

Initially, the program is in effect for 3 months beginning September 19. After 3 months, the Secretary of the Treasury can extend the program up to September 18, 2009.

Economic Stimulus

Thanks to Steve Pace for the heads up on this. According to IR-2008-109, the IRS cannot dispense any economic stimulus payments after December 31, 2008, by law. To claim the payment, you must file a 2007 tax return.

However, if you didn't file a 2007 tax return before December 31, 2008, you may be eligible for an economic stimulus credit. To get it, you must file a 2008 income tax return in 2009. There is a new line 70 on the Form 1040 and a worksheet to calculate and claim the credit.

Medicare

Bill Fischer

If you draw Social Security before you turn 65, you automatically are enrolled in Medicare effective the first day of the month in which you turn 65.

If you are not getting benefits from Social Security before you turn 65, call (800) 772-1213 three months prior to your 65th birthday so Medicare people can help you decide if you should enroll in Medicare. In other words, you cannot sign up for Medicare online; you have to call them.

Emergency Economic Stabilization Act of 2008

The following bills now are law: *Emergency Economic Stabilization Act of 2008*, *Energy Improvement and Extension Act of 2008*, and *Tax Extenders and Alternative Minimum Tax Relief Act of 2008*. The provisions include:

- Preparer penalty—Except for tax shelters and reportable transactions, the preparer penalty goes back to "substantial authority."
- Sales tax deduction—The election to claim a deduction for state and local sales taxed is extended through 2009.
- Real estate tax deduction—The additional standard deduction for non-itemizers for real property taxes is extended through 2009.
- Higher education deduction—The deduction for higher education expenses is extended through 2009. The maximum deduction is \$4,000 for AGI less than \$65,000 (\$130,000 joint), \$2,000 for taxpayers that exceed this AGI limit but with AGI up to \$80,000 (\$160,000 joint), and nothing for higher AGIs.
- Teacher's expenses—The \$250 deduction for teacher's out-of-pocket expenses is extended through 2009.
- AMT patch—For 2008, the AMT exemption amounts are \$69,500 joint with a phase out at \$150,000, \$46,200 single and head of household with a phase out at \$112,500, and \$34,975 for separate filers with a phase out at \$75,000.
- Personal credits—Extended for 2008 are the following nonrefundable credits: child and dependent care, elderly and disabled, adoption expense, child tax, low-income mortgage interest, Hope and lifetime learning, retirement saver's, non-business energy property for a principal residence, and residential photovoltaic, solar hot water, and fuel cell added to a property.
- AMT refundable credit—For 2008 through 2012, the AMT refundable credit is calculated as the greater of 50% of the long term unused minimum tax credit (MTC) for the tax year or the amount of the AMT refundable credit determined by §53(e).

(continued on page 6)

Emergency Economic Stabilization Act of 2008

(continued from page 5)

- Cancelled mortgage debt—The mortgage forgiveness exclusion now applies to discharged debt before January 1, 2013. The new law is effective for discharges of debt after December 31, 2009.
- Qualifying child—Modifications to the definition of "qualifying child" include: The child must be younger than the claimant, the child must be unmarried, tax benefits are allowed only to the child's parents, the child must be the taxpayer's dependent to qualify for the child tax credit. Effective starting in 2009.
- Child tax credit—The refundable child tax credit for 2008 is 15% of the taxpayer's earned income in excess of \$12,050.
- Casualty loss—The per-casualty floor for casualty and theft losses increases to \$500 for the year 2009 only.
- IRA distributions to charity—Taxpayers at least 70½ can exclude from income up to \$100,000 for IRA distributions given to charity in each year 2008 and 2009.
- 1099-B—Brokers must report, on Form 1099-B, the adjusted basis of stock sold and whether it is a long- or short-term sale. This goes into effect January 1, 2012, for any stock for which an average basis is permissible, January 1, 2011, for other corporate stock. The reporting date is moved to February 15 of the following year for tax years beginning with 2009. Every person who transfers stock to a broker must provide a written notice of the basis of the stock to the broker within 15 days of the transfer after January 1, 2011.
- Research credits—The research credit is extended until the end of 2009, no election of the alternative incremental research credit applies to tax years after 2008, and the alternative simplified research credit is 14% for tax years ending after 2008.
- Retail space—Improvements to retail property placed in service in 2009 must be depreciated straight line for 15 years.
- Restaurant property—Restaurant property that must be depreciated straight line for 15 years placed in service in 2009 includes buildings and building improvements.
- New markets—The new markets tax credit is extended through 2009.
- Dependent college students—Health plans are prohibited from discontinuing coverage of college students who take a medically necessary leave of absence.
- Bicycle commuters—A bicycle reimbursement for bicycle commuters is added to the list of qualified transportation fringe benefits. The reimbursement is limited to \$20 per month.

NCSA Directory Updates

D. Wayne Frank

Email: dwaynefrank@alltel.net

L. Dean Gunter

Fax: 336-659-2626

David Yount

P.O. Box 42

Aberdeen, NC 28315-0042

Hal Suratt

P.O. Box 4610

Archdale, NC 272363

Candance Cribbs

4205 Waco Dr.

Greensboro, NC 2746

cecribbs@gmail.com

Affiliate Central

p-336-851-3417

f-336-851-3440

Hudson Accounting Service

Cheryl C. Hudson

3856 Dunn Road

Eastover, NC 28312

cherylhudson@nc.rr.com

David Cohen

2307 W. Cone Blvd- Ste. 210

Greensboro, NC 27408

336-617-5302

John Blackmon

Dblackmon1148@hotmail.com

Rhonda Marsh

rhm@carolina.rr.com

Chapter Officers – Piedmont

Larry Matthews – President

Steve Hamilton – Vice President

Pamela Webb – Secretary

Joyce Workman - Treasurer

NCSA Schedule of Events

2008

November 3–**NCSU Farm Tax**–

Bob Martin Ag Center, Williamston—8:30 am

November 5–**NCSU Farm Tax**–

Guilford Extension Center, Greensboro—8:30 am

November 10–**NCSU Farm Tax**–

Union Extension Center, Monroe—8:30 am

November 11–**NCSU Farm Tax**–

Iredell Extension Center, Statesville—8:30 am

November 12–**NCSU Farm Tax**–

Western Mountain Extension Center, Fletcher—8:30 am

November 12-13–**PTI**–Emerald Event Center, Greensboro

November 13-14–**PTI**–Holiday Inn Airport, Charlotte

November 19–**NCSU Farm Tax**–Moore Extension Center,
Carthage, 8:30 am

November 20-21–**PTI**–Ocean Reef, Myrtle Beach, SC

December 1-2–**NCSU Intermediate & Advance Tax**–Holiday
Inn Fayetteville I-95, Fayetteville, 8:30 am

December 1-2–**NCSU Intermediate Tax**–Asheville Renaissance
Hotel, Asheville, 8:30 am

December 3-4–**NCSU Intermediate & Advance Tax**–
Greensboro Coliseum, Greensboro, 8:30 am

December 3-4–**NCSU Intermediate Tax**–Hawthorne Inn,
Winston Salem, 8:30 am

December 8-9–**NCSU Intermediate & Advance Tax**–Blake
Hotel, Charlotte, 8:30 am

December 8-9–**NCSU Intermediate Tax**–Hilton Greenville,
Greenville, 8:30 am

December 10-11–**NCSU Intermediate & Advance Tax**–
McKimmon Center, Raleigh, 8:30 am

2008-2009 OFFICERS

PRESIDENT – DENISE J. HAMMOND

P.O. Box 938

Morganton, NC 28680-0938

828-437-7058

djhaccountant@bellsouth.net

PRESIDENT-ELECT – J. R. LAWSON, JR.

2200 Silas Creek Parkway 7B

Winston Salem, NC 27103

336-794-2525

jrlbmcc@alltel.net

SECRETARY – WILLIAM S. (BILL) FISCHER

711 Dandridge Drive

Fayetteville, NC 28303-2000

910-864-4114

taxpros@nc.rr.com

TREASURER – John L. Blanton

2200 Silas Creek Parkway 7B

Winston Salem, NC 27103

336-794-2525

johnlbmcc@alltel.net

IMMEDIATE PAST PRESIDENT –

STEPHEN METELITS

77 Fearrington Post

Pittsboro, NC 27312

919-933-0724

metelits@usa.net

ASSOCIATION OFFICE

Candace Cansler, Executive Director

866-755-NCSA(6272) toll-free

828-695-2520 (v) 828-695-2522 (f)

candacecansler@bellsouth.net

THE ACCOUNTANT EDITOR – STEPHEN METELITS

metelits@usa.net

The Accountant is distributed with the understanding the publisher is not engaged in rendering tax, legal, accounting, or any other professional advice and assumes no liability or responsibility whatsoever in connection with its use. You are urged to do research before acting upon any information appearing in this publication. Opinions expressed in The Accountant are those of the editor and contributors. The Accountant is published monthly by the North Carolina Society of Accountants, Post Office Box 1126, Conover, NC 28613.