



The Accountant

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Post Office Box 1126, Conover, NC 28613

828-695-2520 or 866-755-NCSA FAX: 828-695-2522

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Form 3975

If you aren't already on the IRS mailing list or getting Package X, you need to submit Form 3975. You can find it on the IRS web site at www.irs.gov.

If you already get Package X and want to stay on the IRS mailing list, you can file Form 3975 on line at www.irs.gov/bus_info/tax_pro/tprax. You will need the number on the label of last year's Package X (just above your name).

A Message From The President

Jan Allison

The LNC and reception in Charlotte were true successes. There were eleven states represented. Our own David Rollins did an excellent job coordinating the event, and, as I said to him, I wish all states had the privilege of having him coordinate and leading such a successful event. Thank you David. The District IV meeting presented new ideas for the ASO's and questions posed for our Governor, Wanda Goodson, to take back to the Board of Governors and Line Officers of NSA. Thanks to each of you who attended these events and had such valuable input.



Jan H. Allison

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Please mark your calendars for October 20. This will be the Tax Forum meeting with Internal Revenue at the Greensboro Ramada Inn Airport from 9:30 a.m. until 3:00 p.m. I hope to see all of you there. This is an important member benefit for the NCSA members. We have the chance to meet staff at Internal Revenue and ask questions from problems we have encountered.

November will present Professional Tax Institutes in three different locations. Winston Salem, Charlotte, and Myrtle Beach. This school is sponsored by NCSA, and I truly hope each of you is signed up for one of these schools.

I encourage you to check to make sure you have paid your dues. Time is running short, and we do not want to cut off any one's privileges.

Thank you for being a valued member of NCSA. You are the reason that NCSA exists.

Tax Forum

Plan on attending the Tax Forum with the Internal Revenue Service. You are invited. It is at the Ramada Inn Airport in Greensboro on October 20 from 9:30 a.m. to 3 p.m. The cost is \$15. Send your check to Candace Cansler at the ED's office and write "Tax Forum" in the memo portion. Make it payable to NCSA. This cost covers lunch. You need to send your check as soon as possible so we can get a count of how many are coming.

The form for sending problems to Ron Powell can be found on our web site at www.ncsainc.org/taxfor03notes.htm.

Chapter News

Western

The Western Chapter met on Tuesday, July 29, 2003, at Ryan's Steakhouse, Biltmore Square Mall in Asheville. Present were 9 members and 5 guests, including NCSA President Jan Allison and NCSA Vice President Florence Black and her husband Larry. President Jan Allison installed the new officers: President – Beth Evans, Vice President – Barbara Helgreen, Secretary – Gale Champie, Treasurer – Dennis Hobbie.

The August meeting was held on August 26 at Ryan's Steak House with 9 members and 7 guests in attendance. The program was presented by Jeff Porter on Contractor's Licensing Issues. Mr. Porter is a licensed CPA in both North Carolina and Tennessee.

Cape Fear

The Cape Fear Chapter met on July 21 at the Brass Lantern in Dunn. Fayetteville business owner Norman Thomas spoke on why it is important to be an active participant in your organization. Florence Black and Associates was awarded the Order of Merit for the support and help to the chapter. NCSA Vice-President Florence Black installed new officers for Cape Fear Chapter. They are: President, William (Bill) Fischer; Vice President, Richard Zavesky; Secretary, Marsha Wheeler; and Treasurer, Polli Whitman.

The August meeting of the Cape Fear chapter was held on Monday, August 18, at 6:00 pm, at the RBC Centura Bank Boardroom, Fayetteville. Speakers included Chad Marshall, Pedro Consecro, Linda Faircloth, and Sherry Leite. They presented different packages the bank offers. One package—Working for You—is an employee incentive package that employers can offer to their employees at no cost to them. It includes an interest bearing checking account with direct deposit, car loans at prime rate, \$250 towards the cost of obtaining a mortgage and other incentives. They also spoke of Executive Packages for the employer.

Central

Central Chapter met on July 28, 2003, at the Nascar Café, with 12 members attending. Speaker Judy Garner of the Employment Security Commission spoke on the state of North Carolina's economy, with information on fund ratio schedules, the unemployment rate, and average weekly wages.

Burlington

Burlington Chapter met on Thursday, August 28, at 6:30 pm at the Azalea Grill (formerly Nick's Cuisine). The speaker was Charlene Dawkins, director of the NC Secretary of State's office. She presented an update on corporations and new services provided by The Secretary of State's office.

Hickory

Hickory chapter met on Monday, August 25, at Prime Sirloin in Hickory. 9 members and 1 guest were present. The chapter welcomed potential member Alice May from Statesville. The speaker was Michelle Jenkins of Edward D. Jones. Her topic was pension plans with emphasis on the Individual 401(k) and SIMPLE plans. She also invited us to participate in an E. D. Jones seminar on September 10. The topic will be "Representing Your Client Before the IRS."

Congratulations to Denise Hammond, PR Chair for NCSA. NCSA received the Public Relations Award from NSA for the second year in a row.

The September meeting will be held at Prime Sirloin on Monday, September 22 at 6:30 pm.

Raleigh

The Raleigh Chapter met on August 26, with 9 members and 2 guests. Robert Pia discussed the appropriate language to use in the opinion letter to financial statements. Jane Clark of Edward D. Jones presented and compared the Individual 401(k) pension to other available pension plans.

John Rhatigan introduced a membership drive by providing each member a list of contacts. Results will be reported at the next meeting on September 23.

Charlotte

The Charlotte Chapter held its monthly meeting on August 25, at the Matthews Country Kitchen and Steak House. Speaker for the evening was Jackie Bracy, NC manager of the Taxpayer Advocate Service of the IRS. She explained how their service evolved as well as procedures that are followed to resolve a case.

Congratulations to David Rollins on being elected NC State Director at the NSA Convention. He also will serve as Chairman of the Affiliated Relations Committee. NC won awards for Public Relations, Publications, and Legislative Monitoring.

Jean Mader, a retired Charlotte member, passed away this week.

The September meeting will be held on Monday the 22nd, with Paul Bumgarner speaking on Ethics.

Over-the-Counter Drugs

In IR-2003-108, the Treasury Department and the IRS announced that over-the-counter drugs can be paid for with pre-tax dollars through health care flexible spending accounts. They issued guidance clarifying that reimbursements for non-prescription drugs by an employer health plan are excluded from income. Thus, reimbursements by health flexible spending arrangements (FSAs) and other employer health plans for the cost of over-the-counter drugs available without a prescription are not subject to tax if properly submitted by the employee.

Drugs increasingly are becoming available over-the-counter without prescription. Many health plans no longer cover the cost of these drugs as over-the-counter. While an over-the-counter drug is less expensive than the prescription drug, the cost to many consumers increases because the price paid by the consumer for the over-the-counter drug is greater than the co-payment by the consumer when the drug was covered by insurance. This especially is an issue for individuals who remedy chronic health problems regularly by taking an over-the-counter medicine.

Revenue Ruling 2003-12 explains that the statutory exclusion for reimbursements of employee health expenses is broader than the itemized deduction for medical expenses (which does not apply to non-prescription drugs). Thus, the guidance clarifies that employer reimbursements of employee health expenses that are non-prescription drugs, including reimbursements through FSAs and Health Reimbursement Arrangements, are excluded from income like other employee reimbursements of employee health expenses. This will result in savings to consumers with access to employer plans who may purchase non-prescription drugs.

However, for purposes of the itemized medical expense deduction, the cost of such over-the-counter drugs continues to be non-deductible. In addition, the cost of dietary supplements that are merely beneficial to the employee's health are not excluded from income.

CD 479

At the Burlington Chapter meeting on August 28, Charlene Dawkins, Director of Corporations in the Department of the Secretary of State, announced that she asked the Department of Revenue to delete form CD 479 from the list of tax forms. This is the Annual Report form for corporations.

Instead, the agency has instituted an on-line way for these businesses to file their annual reports on-line and also pay the annual fee on-line. This will streamline the process, eliminate a great deal of paperwork in her office, and make the information available to the public in less time.

The user goes to www.sosnc.com, drops down to "Click here to enter Annual Report on line," and enters the profile id. Without a profile id, the business can be found by name and a profile created.

Once identified, the business information appears on the screen. It can be corrected interactively. The user also must provide a credit card number or bank information (including account number and routing number). Once the information is verified, payment is made, and the information is updated in the Secretary's data base with no paperwork. If, however, there is a change in registered agents, the screen must be printed, the agent must sign the form, and the form mailed.

Web Site for Where to File

Since the IRS seems to change addresses of where to file forms at least annually, they have added a web site solely for the purpose of telling us the "current" address of where to file business forms. The site is easy to use. Try it at

<http://www.irs.gov/file/article/0..id=111453.00.html>

The payment is made by having the Department of the Secretary of State withdraw it from the business bank account or by credit card. There is a small transaction fee for this service.

New "Check-Off" on 2003 NC Income Tax Returns

Beginning next year, North Carolina taxpayers will have the opportunity to designate \$3 to the newly created North Carolina Public Campaign Finance Fund. The North Carolina Public Campaign Finance Fund was established by the 2002 General Assembly (Session Law 2002-158). *The new check off will not reduce any refund or raise any taxes owed.*

Purpose of the new Fund is to ensure the fairness of democratic elections with respect to North Carolina's appellate courts, the NC Court of Appeals and Supreme Court.

The Fund:

- Creates an alternate source of campaign financing for candidates for the North Carolina Supreme Court and Court of Appeals who demonstrate public support and who voluntarily accept fund-raising and spending limitations.
- Provides a Judicial Voters Guide that describes the functions of the appellate courts and profiles the candidates running for those offices, with biographical information and statements from the candidates.

The State Board of Election administers the Fund's operation with help from a bipartisan advisory council chaired by Willis Whichard, Dean of Campbell University's School of Law.

Below is what will appear on the state income tax form.

N.C. Public Campaign Financing Fund

 This Fund pays for a nonpartisan voter guide and helps fund judicial candidates who accept strict fundraising and spending limits. Do you agree that \$3 should go to this Fund? Filling in a circle below will not increase your tax or reduce your refund.

You	Spouse
<input type="radio"/> Yes	<input type="radio"/> Yes
<input type="radio"/> No	<input type="radio"/> No

Unemployment Surtax Delayed

Current law specifies that, if the unemployment insurance reserve fund drops below \$163,000,000 on August 1 of any year—which was the case well before August 1 this year—a 20% surcharge will be assessed on unemployment insurance premiums beginning January 1 of the following year until the fund returns to that minimum level.

Governor Easley signed *An Act to Delay the Reinstatement of the 20 Percent Unemployment Insurance Surtax*. The bill postpones the surtax until January 1, 2005.

Since the recession hit North Carolina in early March 2001, there has been a steady increase in the number of jobless workers who qualify for the maximum weekly unemployment insurance benefit of \$416. This, in turn, has depleted the unemployment insurance trust fund. In order to continue paying benefits, the Employment Security Commission used money from a separate State Reserve Fund, a \$200,000,000 pool of money created by a surcharge on employer unemployment insurance taxes in the late 1980s. Interest from that trust fund pays for workforce training programs.

Health Coverage Tax Credit

The federal Health Coverage Tax Credit (HCTC) was created by the *Trade Act of 2002* to help certain displaced workers and certain retirees pay for health insurance. According to FS-2003015, those eligible to claim the credit fall into one of these categories:

- Trade-impacted workers who have lost their jobs because of increased imports or a shift in production to another country.
- Individuals whose pensions are being paid by the Pension Benefit Guaranty Corporation, are at least 55 years old, and not entitled to Medicare.

The credit covers 65% of the cost of qualified health insurance for eligible individuals and their qualified family members. To receive the HCTC an individual must be enrolled in a qualified health insurance plan. Some individuals may be enrolled already in a form of insurance that is automatically qualified such as COBRA, certain spousal coverage, or individual health insurance that began at least 30 days prior to separation from employment.

To get the advance credit, individuals must register by mailing their form or by calling the HCTC Customer Contact Center to ensure they are eligible and to provide their health plan information (866) 628-4282. Those successfully registered send 35% of their eligible health plan premium to the HCTC program. The HCTC program adds the remaining 65% and submits the full payment to the recipient's health plan on behalf of the individual. Until the HCTC begins making payments, individuals should continue to pay 100% of their health insurance and claim the credit by filing Form 8885 with their federal income tax return.

Individuals not receiving the credit in advance for any month in which they are eligible can claim the credit by filing Form 8885 with their federal income tax return.

The HCTC is a refundable credit. This means that, even if the individual pays no tax, the individual will receive a payment. However, the individual must either register with the HCTC program for advance payment or claim it on a federal income tax return.

EITC Certification Pilot Program

In IR-2003-97, the IRS announced it will launch the Earned Income Tax Credit (EITC) certification pilot program in early 2004. The EITC program is aimed at rewarding work and helping families out of poverty.

The new pilot program will allow the IRS to use an integrated approach to address potential erroneous claims by identifying cases that have the highest likelihood of error before they are accepted for processing and before any EITC benefits are paid.

"The EITC program helps lift millions of working families, especially single mothers, out of poverty each year. But it is consistently has been found to have an erroneous payment rate higher than many other government benefit programs. To protect the long-term viability of this critical program, we must ensure those who qualify receive the credit they are due—but only those who qualify," IRS Commissioner Mark Everson said.

The IRS will start the program in the 2004 filing season. The IRS will ask 25,000 EITC claimants to certify when they file that the eligible child claimed for EITC purposes resided with them for more than half a year as required by law.

In addition, the IRS also announced it would maintain a sustained level of compliance activities by expanding efforts to reduce erroneous payments to taxpayers who underreport their income in order to claim the credit. Next year, the IRS will expand its compliance efforts involving at least 300,000 taxpayers who claim the credit but failed in the past to report all of their income. These taxpayers may not be eligible because the EITC has an income cap. This group also will include EITC claimants who misrepresent their filing status.

Following the 2004 certification pilot, the IRS will assess carefully the pilot results and performance before deciding on how to proceed with this program.

Child's Age

Up to now, it depended on what part of the tax code applied as to how to determine a child's age. Revenue Ruling 2003-72 applies a uniform method of determining when a child attains a specific age for purposes of the dependent care credit, adoption credit, child tax credit, earned income credit, dependent care assistance programs, foster care payments, adoption assistance programs, and dependency exemptions.

Now, for each of these provisions, a child attains a given age on the anniversary of the date that the child was born (previously known as the child's birthday).

Fee for Offers in Compromise

According to IR-2003-99, beginning November 1, the IRS will charge a \$150 application fee for the processing of offers in compromise (OIC). The IRS expects that this fee will help offset the cost of providing this service as well as reduce frivolous claims.

The IRS anticipates the fee will reduce the number of offers that are filed inappropriately—for example, solely to delay collection—enabling the agency to redirect resources to the processing of acceptable offers.

All taxpayers who file an OIC will have to pay the application fee with their submission unless the offer is based solely on doubt as to liability or the taxpayer's total monthly income falls at or below income levels based on the Department of Health and Human Services poverty guidelines. Taxpayers who claim the poverty guidelines exception must certify their eligibility using Form 656-A, *Offer in Compromise Application Fee Instructions and Certification*. This form will not be accepted by the IRS before November 1. It will be available soon on the IRS web site at www.irs.gov.

EIN Telephone Number Change

The telephone number to get an EIN now is (800) 829-4933. You can get an on-line Internet application at the IRS web site www.irs.gov.

Convention 2004

The theme dinner will be the "Country Fair" in 2004.

Since it is canning season, please save your best and bring it to the Country Fair. If you do not can, and you crochet, knit, sew, carve, or whittle, bring any type of craft to the fair. These items will be sold to offset convention expenses.



Three Critical Elements of a Successful Job Search

Any marketing guru will tell you, the success of a product launch depends on the quality of its advertising message, its exposure to a targeted audience and the skill of its sales presenters. If any one of those critical elements is missing, revenues fall short of corporate goals. Likewise, a successful job search requires:

- A clear marketing message (resume and cover letter)
- Ample exposure to targeted employers
- Polished interview skills to secure the job offer.

Fall short on either of the three, and an extended, lengthy job search is the result.

The first step to a successful job search is a resume that communicates a strong marketing message. Just like a print ad entices the reader toward purchase, your resume has one job: to entice employers to call you for an interview. How does one transform a boring, historical document into a marketing message that sells?

- Focus on benefits rather than features.
- Use accomplishments to illustrate marketable skills.
- Appeal to management buying motivations with examples of bottom-line impacting results.

Once you've transformed your work history into a marketing message, you'll want to give it as much quality exposure as possible. Marketing professionals use various media to get their message out. New athletic shoes may be promoted through print ad, television and online medium. Likewise, get maximum exposure of your job-search marketing message, with several strategies, both proactive and reactive.

One of the most common complaints I hear from job seekers is that they get no response from their resume. When asked how they use their resume, it's usually 100% in response to posted job listings. Securing an interview from a job posting is like trying to catch a fish in a pond that is ringed elbow-to-elbow fishermen. To make matters worse, there's a sign posted at the pond that reads; "Due to budgetary cuts, the pond wasn't stocked this year."

To get maximum exposure and more interviews you'll want to include some of the following strategies:

- Networking with professionals who may provide job lead information.
- Conducting your own target-market campaign to selected employers.
- Resume distribution to a large, yet select group of qualified headhunters.

All the exposure in the world will not get you closer to your next career position if your interview skills are not sharper than your competition. Just like a sales person whose rent money depends on his/her ability to outsell the competition, so must the job seeker hone his/her interview skills in order to win the offer. Second choice still means "unemployed."

Some job-seekers cringe at the thought of conducting a job interview as a sales presentation. Natural-born sales people are rare. The most effective and highly paid sales professionals had to learn and practice their skills. Job seekers of any background and personality style can adapt sales skills to perfect their interview skills.

Minimally, those skills should include:

- Pre-interview research of the prospective employer.
- Anticipation of and answers to relevant questions.
- Questions to uncover unstated concerns.
- Closing skills that lead to the next stage or the offer.

Job seekers in a lengthy job search may benefit from analyzing which of the three critical elements is not working for them. Start by asking these questions:

- Is my resume-send-out to interview ratio low? Maybe it's a resume problem.
- Am I finding enough job leads? Maybe it's time to implement proactive strategies for better exposure.
- Do I consistently end up "second choice" in job interviews? Probably time to sharpen the interview skills.

Making sure your skills are their sharpest in all three critical elements of the job search will help you gain your career objective in the shortest amount of time with the least amount of stress.

NCSA Schedule of Events

October

October 20 -**Tax Forum meeting with IRS**–
Ramada Inn, Greensboro, 9:30 a.m to 3 p.m.

November

November 17–**Board of Directors meeting**–
Hawthorne Inn, Winston-Salem, 3 p.m.

November 18-19–**PTI**–Hawthorne Inn, Winston-Salem

November 19-20–**PTI–Charlotte**–Four Points Sheraton

November 20-21–**PTI–Myrtle Beach**–Ocean Reef Resort

2004

May 23–**Board of Directors meeting**–Radisson Highpoint
June 20–**Board of Directors meeting**–Hilton Towers Charlotte

June 21-23–**Annual Convention**–Hilton Towers, Charlotte

July 24–**Leadership Conference**–Radisson High Point

August 4–**NSA Convention**–San Antonio, TX

September 19–**Board of Directors meeting**–Coast

September 20-21–**Fall PAS**–Coast

October–**Tax Forum meeting with IRS**–Greensboro

November–**Board of Directors meeting**–Greensboro

November–**PTI**–Greensboro

2005

May 22–**Board of Directors meeting**–Greensboro

May 24-25–**Spring PAS**–Greensboro

June 19-22–**Annual Convention**–Myrtle Beach, SC

2003-2004 OFFICERS

PRESIDENT – JAN H. ALLISON

P.O. Box 1111

Black Mountain, NC 28711-1111

828-669-9300

PRESIDENT-ELECT – RHONDA H. MARSH

1807 Morgan Hill Road

Monroe, NC 28110

704-289-5155

VICE-PRESIDENT – FLORENCE W. BLACK

P.O. Box 53488

Fayetteville, NC 28305-3488

910-484-3800

SECRETARY – WAYNE O. PARKER

3617 Old Lexington Road

Winston Salem, NC 27107

336-784-4160

TREASURER – STEPHEN METELITS

77 Fearington Post

Pittsboro, NC 27312

919-933-0724

IMMEDIATE PAST PRESIDENT – STEVEN G. PACE

2612 North Main Street

High Point, NC 27265

336-869-0164

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