

A photograph of Al Giovetti, a man in a dark suit and tie, standing behind a wooden podium. He is smiling and looking towards the camera. A microphone is positioned in front of him. On the podium, there is a wooden gavel. To the right of the podium, a sign displays the NSA logo. In the background, a flag and a lamp are visible.

Al Giovetti Puts Members First in 2016-2017

NSA Honors Award Winners at
2016 Annual Meeting

Tax Consequences when Filing
Chapter 13 Bankruptcy



National Society of Accountants

Making a Difference – **One Nonprofit at a Time**

PRESIDENT'S MESSAGE



AL GIOVETTI PUTS MEMBERS FIRST IN 2016-2017



NSA'S 71ST ANNUAL MEETING RECAP



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Alfred Giovetti, CPA, ABA,
ATA, ARA,
NSA President, 2016-2017

A Message from the President, October 2016

Our theme for the 2016 to 2017 fiscal year of the National Society of Accountants (NSA) is **Members First!** The focus of NSA must be on its members—member service, meeting member needs, and members helping one another—because without members, there is little reason for us to exist. The true value of membership lies in whether the cost of the membership is worth the advantages that come from belonging to NSA.

A CPA member from Maryland told me he belongs to NSA because he reads and values the daily report from Tax Talk. Another member joined to get the free five research reports from NSA's tax research service. I belong to NSA because of the personal and business relationships that give me access to the professional opinions of main street (small firm) accountants all over the United States.

For 71 years, NSA has taken a leadership role in protecting the rights to practice of all practitioners whether they be licensed, enrolled, or unlicensed. Whether you are a member of NSA or not, NSA fights to protect your practice. NSA's Right to Practice (RTP) committee works with state accounting organizations and state legislatures to assist in the writing of legislation and regulations that protect the public and the right to practice of all tax and financial accounting professionals. NSA recently proposed a Tax Practitioner Bill of Rights (<http://www.nsacct.org/tax/bill-of-rights>). NSA has spoken with Internal Revenue Service Commissioner John Koskinen several times concerning this document. The NSA Tax Practitioner Bill of Rights is necessary to preserve the rights of not only the practitioner, but the US taxpayer as well. NSA will continue to fight for these rights for the benefit of all tax practitioners.

The Education and Professional Development Committee and NSA staff are developing webinars and face-to-face seminars including a 1040 course Mohegan Sun Resort in Uncasville, CT and a possible post tax season seminar retreat. Preliminary plans also include a three-day Special Enrollment Examination preparation and Accredited Tax Professional course and a full slate of education at next year's convention in Reno. The Leadership Development program is training future NSA leaders.

The Accounting Standards Committees are working to keep the members informed of the many changes in tax and financial accounting. The Long Range Planning Committee is fleshing out plans to meet the challenges to our members in the next five to fifteen years. The Editorial Review Committee continues to seek relevant articles to publish, and is updating our online documents, resource files, letters, and forms.

As members of NSA, we move into another year with purpose, dedication, and a willingness to take on new challenges and opportunities. Together, all of the members of NSA – the volunteers and our great leaders – will provide a vision for the future.

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Al Giovetti Puts Members First in 2016-2017

Newly-installed NSA President, Al Giovetti shares his membership goals for the coming year and what he hopes his diverse background will bring to the role of president.

Christine Giovetti

If you've met National Society of Accountants President Al Giovetti, of Catonsville, Maryland, then you've probably met NSA member Christine Giovetti, his wife and business partner. Main Street Practitioner reached out to Christine, who is both a member and recipient of NSA's 2014 Accountant of the Year Award, to bring her unique perspective to our annual interview with the NSA's president.

NSA Members Elect First President from Maryland

In another time, Al Giovetti might have been called a “renaissance man” – his education and interests range from accounting to medicine to the computer entertainment industry and beyond.



CG Anyone who knows you will understand this question – “Al Giovetti – you’ve just been elected president of the National Society of Accountants! What are you going to do next?”

AG (laugh) Actually, my family and I went to Disney World the week *before* I was elected. I won’t be going again for at least a couple of months. <grin>

CG Where did you get this love of all things Disney?

AG As a child, I loved the animated films, the Wonderful World of Disney on television. I even dreamed of meeting Walt Disney; unfortunately, I never did. As I grew, and learned more about Walt Disney the man, the visionary, I strived to use some of his innovative ideas on management and business in my life and practice. (And yes, I own some Disney stock – a piece of the Mouse, as it were.) Visits to the theme parks serve to reinforce this; I learn something new every time I go. Besides, it really is the happiest place on Earth!

CG Tell us a little about your practice. Do you have employees? What sorts of clients do you serve?

AG My wife and I have run our practice for over 35 years. Our four children – who are NOT accountants, and want nothing to do with that profession! – grew up with us working in our home, first in our living and dining rooms (in our first house) and then in our basement (in the home we have lived in since 1984). Other than a couple of seasonal employees in past years, it’s always been just the two of us. Our clients are mostly individuals, a few small sole props, as well as a couple of partnerships and corps. We also have a couple of farm clients. Because of where we live, most of our individual clients work for the federal government in some capacity; also the state government.

CG Where did you receive your education?

AG I graduated from LaSalle College in Philadelphia with a BA in Biology (minors in Chemistry, Physics, Religion, and

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Philosophy), then attended George Mason University in Virginia and George Washington University in DC, eventually earning a PhM in Microbiology and Physiology. Put simply, a PhM is a PhD without the doctoral dissertation (which I did, but that's too long a story to go into). After working for the federal government, as a Food and Drug officer and a research chemist, for ten years, I was RIFed – Reduction in Force. I started preparing tax returns on the side back in college, and had started doing them again by the time I left the government, so I just went into it full time. After my wife and I both passed the EA exam, we decided to go back to school to study accounting. Together, we completed all the coursework we needed at the local community college, and we both passed the CPA exam by 1991.

CG What prompted you to run for president, and what are your goals?

AG I served as governor of District III for two terms; for the last term, the other governors honored me by electing me Senior Governor both years. The friendships I made during this experience, and the confidence they place in me, encouraged me to run for the office.

As president, I believe I can help NSA grow and thrive. I would like to get the members more involved in the voting process. In the past, NSA delegates had time at the convention to meet the candidates face-to-face and make informed decisions. Even though now, with proxy voting, every member can vote, less than 4% of our members participate by voting, and less than 1% attend the convention. This response is disheartening, to say the least. I believe that, through better communication, we can encourage more members to participate.

CG Do you see any issues facing accountants and tax preparers as a result of the upcoming national elections?

AG The candidates, in my opinion, don't seem to have a good understanding of the inequities of in the income tax law. Complexity is needed in the law to take into account the special needs of certain groups of people. For example, the limitation on the deductibility of medical expenditures basically discriminates against the elderly and the disabled – by not being able to deduct all of their medical expenses, they are paying more tax than a person without those challenges.

CG You are also active in your Affiliated State Organization (ASO).

AG I have served on the board of directors for the Maryland Society of Accounting and Tax Professionals (as president) and the Virginia Society of Tax and Accounting Professionals (as a delegate); I've also served on several committees at both the state and national level. This has all served to help me understand that each state, each ASO, has different needs, and we must do our best to represent all of them.

CG You mentioned an earlier career as a research scientist. Have you worked in any other fields?

AG Back in the late 1970s, when microcomputers were first introduced, I became involved in the computer gaming industry by writing reviews and walk-throughs of many role-playing games, and was nominated for a Computer Press Award in the 1990s. I was even on television for a while; much of my work can still be seen on YouTube. I continue to write reviews on business hardware and software for several publications. My wife and I have also taught several accounting, business law, and computer courses for accounting majors at the local community colleges, as well as continuing education courses for small business owners.

CG Tell us a bit about your background and your family.

AG I was born in Alexandria, VA, and grew up with my two sisters (one older and one younger) in a neighborhood that lies between Old Town and Mount Vernon. After I graduated from St. John's College High School, a military school in Washington, DC, I attended LaSalle College, also a Christian Brothers school, in Philadelphia. My wife, who is a

Maryland native, and I met in Ocean City, MD, in the mid-1970s, and settled in Maryland after we married in 1977. We have three daughters and a son – our oldest, Allison, and her husband James are both IT professionals – she does web support for the professors at the Johns Hopkins School of Engineering and he is the IT manager for The Shelter Group, a housing management company. They live in Ellicott City, MD; our son lives with them (he is currently between jobs, and is also in the IT industry). Our daughter Catherine is a manager with Aldo Shoes in Vancouver, WA, and our daughter Amanda, a summa cum laude graduate of Arizona State University’s Walter Cronkite School of Journalism, is now a cabinet maker with a company in Richmond, VA, that makes furniture for hotels and other commercial uses. She spent ten years as a layout and copy editor, first with a division of the Chicago Sun-Times and then with the China Daily in Beijing, and then decided she wanted to try something different! We are still waiting for grandchildren.

CG How about hobbies?

AG I’ve been walking about 5-7 miles a day for the past two years, and it’s really been great. I have downloaded lots of audiobooks to my iPhone, and have enjoyed listening to them – science fiction, science fantasy, self-help books, philosophy, business – I have very eclectic tastes. I’ve also read all of the books from the Leadership Development Program list – one of my recent favorites is “Lead ... for God’s Sake!” It uses a fictional story to illustrate good leadership concepts.

My wife and I also enjoy movies, particularly old ones we can find on Turner Classic Movies and Netflix.

CG Anything you’d like to add?

AG I want to thank the members for placing their trust in me for the coming year. With communication, cooperation, and collaboration, we will put members first and NSA will grow!



Christine Giovetti, ABA, ARA, ATA, CPA, is a professional accountant with more than twenty years of experience. She served as NSA Governor of District III. She has won multiple awards in her career and has served the NSA in many ways, including as the governor of District III from September 2003 – August 2007.





Charitable Contributions and Taxes

Delmar Gillette

Form 8283 and Form 1098-C are classic examples of the painstaking forms with which we need to be familiar. And all those rules – they can be mind-numbing.

Seasoned tax preparers may remember the days when accepting a taxpayer’s “estimate” of charitable contributions to a church could be as easy as the taxpayer saying, “I gave \$10 per week to the church.” No receipts, no acknowledgement from the church, and no checks were proffered. A similar case could be made for noncash contributions – new or used clothing, vehicle donation, boat donation.

Sadly, these days are gone, with the acceptance of one’s word being replaced by additional forms and rules. Form 8283 (Noncash Charitable Contributions) and Form 1098-C (Contributions of Motor Vehicles, Boats, and Airplanes) are classic examples of the painstaking forms with which we need to be familiar. And the rules – they are mind-numbing. We have to be familiar with the size of the cash or noncash donation – is it more or less than \$250, or \$500, or \$5,000? Are there receipts? Do they have the requisite information: name of the charity and the donor, date of donation, value of the donation, description of the property donated, statement of “no goods or services provided in exchange,” receipt prior to the filing of the tax return or due date including extensions and, if applicable, the value of goods or services provided by the charity stating that the deduction may be limited?¹

A Bit of History

Before we wade too deep in the weeds, it may be helpful to take a step back and examine the genesis of tax deductible charitable donations. On October 3, 1913, President Woodrow Wilson signed the United States Revenue Act. The Act re-imposed the federal income tax and formally started the era in which tax policy regulated philanthropic activities and charitable giving. The new law exempted institutions “organized and operated exclusively for religious, charitable, scientific, or educational purposes” from paying income taxes. Later acts added “prevention of cruelty to children and animals, literary, community chest, fund or foundation, and testing for public safety” to the list of exempt organizations.²

Four years later, the Income Tax Law allowed taxpayers to take deductions of contributions to charitable and certain other nonprofit organizations up to 15 percent of their taxable income. (In 1935, the government began permitting corporations to deduct philanthropic contributions up to 5 percent of taxable income; this percentage increased to 20 percent in 1952.)³

A charitable deduction extended the benefits of exemption to individual taxpayers so that income donated to charitable organizations was exempted from all levels of income taxation. The deduction was intended to subsidize the activities of private organizations that provide viable alternatives to direct government programs.⁴

Continued on the following page

Under the current federal income tax system, individuals who itemize deductions can deduct contributions to certain organizations operated for religious, charitable, scientific, literary, or educational purposes. The list also includes domestic government entities, fraternal societies, organizations that prevent cruelty to children and animals, and several other types of socially beneficial organizations. These organizations must be operated in a nonprofit form and are subject to other restrictions.⁵

To give the reader a sense of proportion, the National Center for Charitable Statistics stated that in 2014 charitable giving amounted to \$358.38 billion. Individuals gave over \$258 billion. Interestingly, giving by individuals has more than doubled since 1984.⁶

So why all of the regulations and subsequent paperwork? In a 2004 USA Today article, “Don’t be more charitable than the IRS likes,” Thomas A Fogarty fairly well predicted that the next big thing in income tax enforcement—cracking down on excessive deductions of property donated to charities—would be coming.⁷

Almost as if a fulfillment of a prophecy, the IRS released a proposed rule on charitable gift substantiation which was designed to help the IRS verify the amount of charitable deductions claimed by taxpayers. The proposal would have permitted, but not required, charities to file a new information return by February 28 of every year, in addition to filing 990-series forms. Charities choosing to participate would have filed an additional form with the IRS that included taxpayer identification numbers or social security numbers for donors who contribute \$250 or more. Charities also would have been required to provide each donor a copy of their individual information that was included on the form.

The response to this proposal was swift and widespread. Not only did the Independent Sector and National Council of Nonprofits convene over 200 sector groups, the House Ways and Means Committee member Peter Roskam (R-IL) expressed to reporters, “The IRS has not demonstrated its capacity to hold this type of information from [a] confidentiality and a security point of view.” He further expressed doubt that charities could protect the information they obtain from donors, pointing out that large for-profit companies have experienced data breaches.⁸

The US Government Accountability Office (GAO) released a study in May 2009 entitled, “Requiring Information Reporting for Charitable Cash Contributions May Not Be an Effective Way to Improve Compliance.” Among its many observations are:⁹

1. With a dollar threshold exemption, charities would likely need to collect information for all donors upon first receiving donations because charities would not know if their donors’ gifts would eventually exceed the established threshold
2. Taxpayers may reduce giving because they are reluctant to provide Social Security numbers to charities given concerns over identity theft
3. Many charities rely on volunteers, to whom donors may not want to provide their Social Security numbers
4. Charities could incur substantial costs and burdens if information reporting were required for cash contributions
5. Taxpayers may not want the federal government to know to which charities they donate
6. Privacy concerns may be particularly relevant for donations to religious organizations
7. Currently, anonymous donors can receive substantiation letters from recipient charities through representatives on the donors’ behalf
8. It may not be possible for taxpayers to deduct anonymous donations if information reporting were required¹⁰

After pushback from the charitable sector as well as from a number of lawmakers, the Internal Revenue Service in January 2016 withdrew a rule proposed in September to create an alternative method of substantiating charitable donations of \$250 or more.

Over the years the forms used to verify charitable contributions (Form 8283, [circa 1985] and Form 1098-C, [circa 1995]) have increased in complexity. However, this has not deterred taxpayers from using them. The issue is really the misuse or non-compliance with the form instructions by some taxpayers. In an audit released by the Treasury Inspector General for Tax Administration (TIGTA) on December 20, 2012, TIGTA concluded that

“IRS controls are not sufficient to ensure taxpayers are complying with noncash charitable contribution reporting requirements. Statistical samples of Tax Year 2010 tax returns that claimed more than \$5,000 in noncash charity contributions showed that approximately 60 percent of the taxpayers did not comply with the noncash charitable contribution reporting requirements. These taxpayers claimed noncash contribution totaling approximately \$201.6 million. Taxpayers who donate motor vehicles must attach a Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, to their tax returns.

Continued on the following page

However, the IRS is still not effectively identifying taxpayers who are not complying with reporting requirements for donations of motor vehicles. A match of the Forms 1098-C submitted with tax returns processed as of December 31, 2011, to those submitted by charities identified 35,846 tax returns with motor vehicle claims totaling approximately \$77 million where no Form 1098-C was filed by the charity. In addition, 1,708 taxpayers reported fair market values of the vehicles that exceeded sale proceeds by a combined total of \$2.2 million.”¹¹

It should be obvious that TIGTA recommended that the IRS expand procedures to identify tax returns claiming noncash charitable contributions that do not have a Form 8283. Additionally, the IRS should revise Form 8283 and related instructions and develop procedures to match Form 1098-C submitted with individual returns to those filed by charitable organizations.

The charitable cash contributions (reported on Schedule A - Gifts to Charity) also have their own set of rules. Basically, if there is no written record, the charitable cash contribution did not happen. For separate cash donations less than \$250, acceptable documents include a cancelled check, a payroll stub, a bank record, or a receipt from the charitable organization. For all donations of \$250 or greater, a written receipt or acknowledgement from the charitable organization **MUST** be provided. The receipt must include **ALL** of the following:

- The amount of cash the donor contributed;
- Whether the qualified organization gave the donor any goods or services as a result of the contribution (other than certain token items and membership benefits);
- A description and good faith estimate of the value of any goods or services (other than intangible religious benefits); and
- A statement that the only benefit the donor received was an intangible religious benefit, if that was the case. The acknowledgment does not need to describe or estimate the value of an intangible religious benefit. An intangible religious benefit is a benefit that generally is not sold in commercial transactions outside a donative (gift) context. An example is admission to a religious ceremony.
- The donor must receive the acknowledgment on or before the earlier of (1) the date he files his return for the year he makes the contribution; or (2) the due date, including extensions, for filing the return.¹²

Numerous tax court cases attest that the IRS is very strict about these requirements (see Appendix A). Basically, the IRS is winning these cases on a “technical procedure,” but the rules are very easy to understand. Tax preparers should make it part of their “due diligence” to verify that all of these elements are present on any individual charitable contribution that equals or exceeds \$250. The alternative may include unhappy tax clients and/or penalties.¹³

The Rules of Contributions

Let’s review what we know so far. In order to take advantage of any charitable contribution (cash or noncash), you must be able to use Schedule A. For cash contributions, the rules are not as complex as for noncash contributions.

A receipt, cancelled check, end of year paystub, or other written notice is required for all cash contributions less than \$250. This simply means that the \$100 you put in the Red Kettle during the Christmas season is not a donation unless you have written verification.

For cash contributions that are \$250 or more, a detailed acknowledge, receipt, or other acknowledgement must be received. Cancelled checks alone will not work. Neither will receipts or other acknowledgements if they do not conform to the written instructions (*supra*). Court cases have proven over and over again, the rules are there for a purpose.

For noncash contributions, up to \$500 can be donated without Form 8283 or Form 1098-C. Above this amount these forms are required to be completed correctly and attached to the taxpayer’s tax return.

For amounts of \$501 to \$5,000, Form 8283 must be used. In Part 1, the following additional information must be provided:

1. Name and address of the donee organization,
2. Description of the donated property,
3. Date of contribution,
4. Date acquired by the donor,

Continued on the following page

5. Donor's Cost or adjusted basis,
6. Fair market value, and
7. Method used to determine the fair market value.

The items donated must be in "good or better condition" at the time of the donation. Interestingly enough, public traded securities can be listed in this section even if it exceeds \$5,000. An observation is in order at this point. If a taxpayer has highly appreciated securities, it is best to donate the securities rather than sell and give the proceeds after taxes. On the other hand, suppose a taxpayer has securities which have taken a tumble and the taxpayer wishes to be rid of the securities. In this case, the taxpayer should sell the securities, keep the capital loss, and donate the proceeds.¹⁴

For noncash donations of \$5,000 or more, in addition to the information required above, a written appraisal from a qualified appraiser is required. Generally, you do not need to attach the appraisals to your return, but you should keep them for your records. A couple of common exceptions to the attached appraisal includes art in excess of \$20,000 or any single item of clothing or household items that is not in good used condition for which you deducted \$500 or more. The appraisal is required whether the donation is reportable in Section A or Section B.¹⁵

For the noncash donation of vehicles (a qualified vehicle is any motor vehicle manufactured primarily for use on public streets, roads, and highways; a boat; or an airplane) with a claimed value of more than \$500, the instructions are a bit more involved. Additionally, Form 1098-C must be furnished by the donee organization contemporaneously (no later than 30 days after the date of sale or the date of the contribution).

There is a decision tree to consider to determine the deductible value for the donor. How will the donated vehicle be used: sold at auction, used materially in the furtherance of the donee organization charitable purpose, sold or transferred to a needy individual for significantly below fair market value, or retained to make material improvements?

- If the vehicle is sold at auction, the deduction is the greater of the sales price or \$500.
- If the vehicle is used by the donee organization for charitable purposes, the deduction would be the fair market value. For example, if delivering meals is an activity regularly conducted by the organization, the consideration would be driving the vehicle every day for one year or driving the vehicle at least 10,000 miles or more over a 1-year period.
- When the charity intends to make a "material improvement" to the vehicle, which is "anything that increases the car's value and prolongs its life," the fair market value can be used.
- The taxpayer can also use the fair market value when the charity gives or sells the vehicle to a needy individual at a price significantly below fair market value, and the gift or sale is part of the charity's mission of helping the needy who need transportation.¹⁶

A final option to rid yourself of the car and receive a charitable donation is to sell the car yourself and donate the cash. Note that the rules for a "cash" donation come into play at this point.

There are other noncash charitable donations. These could include land, buildings, a scenic overlook, donation of services, taxidermy, patents, and other noncash items. Space does not allow a discussion of these noncash items, but beware that substantial value of the assets begs substantial compliance to all of the rules as described in the tax instructions. Many taxpayers have lost their deduction because they did a "short cut" of the detailed instructions.

Crowdfunding and Contributions

If you are familiar with crowdfunding, you will want to watch carefully donations claimed by taxpayers for various medical appeals using various crowdfunding platforms. There are crowdfunding platforms designed for charitable organizations. However, some of these platforms are offering gifts in exchange for contributions.¹⁷ The concern is multi-faceted. Is the charitable donation going to a reputable charity or an individual? Is the charity a not-for-profit 501(c)(3) organization? What is the value of the gift given to the donor? If the donation is given to an individual, it is almost certain that the individual is not a charitable organization and no deduction will be allowed.

There are crowdfunding platforms being used by reputable charitable organizations. Do your homework. Also advise your clients of the potential for fraud associated with such donations.

Charitable contribution documentation rules are complex and present a hazard for donors who are noncompliant, even in small ways. As tax preparers, we have a considerable responsibility to keep our clients informed of charitable donations and the

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right way to accomplish that desire.¹⁸

Appendix A: Select Tax Court Decisions re: Cash Donations

As an example of the “technical nature” of cash donations, consider the following:

In *Castleton v. Commissioner*, T.C. Memo 2005-58, the Tax Court denied a charitable contribution deduction for various reasons including that the receipt failed to state whether the donee provided goods or services.

In *Kendrix v. Commissioner*, T.C. Memo 2006-9, the Tax Court denied a charitable contribution deduction because the receipt failed to state whether the donee provided any goods or services in consideration.

Harrell v. Commissioner, T.C. Summary Op. 2006-165, the taxpayer’s contributions were reduced from \$10,953 to \$2,550. The court did not find the taxpayer’s receipts credible.

Daniel Gomez et ux. v. Commissioner; T.C. Summ. Op. 2008-93; No. 13167-07S (30 Jul 2008), pertains to a series of donations for which the donor had canceled checks. The church that was the donee issued a late acknowledgement letter just prior to trial. Nonetheless, the Tax Court applied a strict compliance test to the requirement for a contemporaneous separate substantiation letter. However, cancelled checks, all of which were less than \$250, were nonetheless allowed.¹⁹

In *Joyce Ann Linzy v. Commissioner*, T.C. Memo 2011-264, the Tax Court denied a charitable contribution deduction because the receipt failed to state whether the donee provided goods or services. In addition, the acknowledgement letter was not received by the earlier of the filing of the tax return or its due date of April 15, 2008.

Durden v. Commissioner, T.C. Memo 2012-140, the Court prevented a married couple from claiming \$25,000 in charitable deductions. The donations had been made to a church in various amounts throughout 2007. The Internal Revenue Service initially disallowed the deductions, so the taxpayers responded by producing records of their donations, which included a January 2008 letter from their church acknowledging the donations.

Unfortunately, the 2008 letter did not include any statement that the church had not provided goods or services to the taxpayers in return for their donations. Because applicable tax laws specifically require such a statement, the IRS rejected the 2008 letter as an adequate acknowledgment of the donations.

In response, the taxpayers obtained a June 2009 letter from the church that included the required statement; however, the IRS rejected the 2009 letter as untimely. The IRS based their decision on a specific tax law that requires taxpayers to receive acknowledgments from charities by the date on which they file their returns for the year the deduction is claimed, or by the return due date, including any extensions, whichever occurs earlier. In this instance, the 2009 letter was received by the taxpayers well after the return was filed in 2008.

The taxpayers attempted to argue that they substantially complied with the rules, but the Court disagreed, stating that they could find no provision in the relevant laws allowing for substantial compliance. As a result, the Court upheld the IRS’s decision to disallow the charitable deductions.²⁰

Jolene M. Villareale v. Commissioner, T.C. Memo. 2013-74; No. 18616-11. Income tax charitable contributions denied for an individual who founded an animal rescue organization because she failed to provide herself with contemporaneous written acknowledgments from her own organization for her contributions.²¹

Kunkel v. Commissioner, T.C. Memo, 2015-71, taxpayers claimed \$42,455 in charitable deductions. Of this amount, \$5,410 represented alleged cash contributions. The IRS determined that taxpayers had substantiated \$4,840 of the cash contributions. The taxpayers also donated noncash items to four separate charities in the amount of \$37,315. Taxpayers were unable to provide receipts or an acknowledgement. There were no photographs, or lists of items donated credibly to any of the four charitable organizations. The court disallowed all noncash donations.²²

Endnotes

¹ “Publication 526 - Charitable Contributions.” Internal Revenue Service. January 15, 2016. Accessed August 2, 2016. <https://www.irs.gov/pub/irs-pdf/p526.pdf>.

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About the Author:

Delmar C Gillette, BA, MA (Teaching) is owner of Coastal Tax Preparation and Planning, LLC. A former public school teacher in NC and VA, he has use his teaching skills for the NATP and other tax organizations for the past three decades. Author of various topics ranging from Charitable Contributions to Salons – Schedule C or Schedule E, he writes to bring awareness of the peculiarities of our current tax laws to fellow tax practitioners. In addition to the NATP, he is also a member of NSA, NCPE, and AATP.



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Making a Difference – One Nonprofit at a Time

Kay K. Mortimer, EA

For our clients who need to set up a nonprofit, they need to know the steps to take and the proper order in which to do them.

I find great joy as an EA by helping people with hearts for charitable purposes establish a nonprofit organization. For our clients who need to set up a nonprofit, we need to have the tools to serve them. Here are some tidbits that will help you better serve your clients needing expertise in this area.

First of all, keep in mind that nonprofit organizations, by definition, exist to benefit the public or a broad segment of society, not to benefit the owners. Nonprofit organizations have a board of directors, officers, and/or employees, but do not have owners as a for-profit enterprise does. Their dream drives them to a higher purpose.

Once such a client determines the need to establish a nonprofit organization to accomplish a charitable mission, they need to know the steps to take and the proper order in which to do them. By following these crucial steps in the following order, we can serve the organization and enjoy fulfillment in knowing that we have partnered with someone for a greater good.

Organizational Meeting and Documents

Your client must form the organization with a Board of Directors and establish bylaws. The Board of Directors must meet and elect Officers, adopt the bylaws, and conduct any other foundational business as it deems necessary.

Some of these foundational documents may be necessary to submit as part of your Form 1023 filing. Minutes should be kept of all organizational board meetings and other formal or informal business meetings.

State Filing

The first step in starting a nonprofit rests in complying with all state laws relating to its formation. State laws vary in their procedures for establishing a registered nonprofit. Find out what your client's particular state requires and follow this procedure.

Typically, this will include the filing of articles of incorporation (or some similar document). It may also include submitting

Continued on the following page

a set of bylaws for your organization, along with other documents the individual state may require.

Be sure to find out about the state's filing fees as well, and tender these with the appropriate documents.

Federal Filings

New EIN

Once your client has received approval from the state, the first federal filing they will need is to obtain a new Employer Identification Number (EIN) for their organization, as it is now its own entity. To receive the new EIN, complete and file Form SS-4 with the Internal Revenue Service (IRS).

One caution I offer, from my decades of experience: do not complete Form SS-4 and obtain an EIN until your client has officially been approved and registered in their state by receiving certified documentation from their state's regulatory office. This will save time for you and your client if any problems or differences arise before receiving the state's certification.

Form 1023/1023EZ Tax-Exempt Application Filing

After receiving the client's new EIN, then the organization must file Form 1023/1023EZ with the IRS, if this client wishes to obtain 501(c)3 tax-exempt status..

Keep in mind that, while all tax-exempt organizations are nonprofits, not all nonprofits are tax-exempt. An organization can be a nonprofit organization with their state but not be tax-exempt with the IRS. The only way to obtain tax-exempt status for a nonprofit is to file the Form 1023/1023EZ with the IRS.

In my more-than-thirty years of tax practice experience, I have seen this mistake more than once. As many tax professionals well know, a new corporation may think it has been granted S-Corporation status but, if a Form 8832 or 2553 has not been filed, it is not an S-Corporation. Some nonprofits make a similar mistake by neglecting the Form 1023 series. The 1023 form signals to the IRS that this organization wishes to be tax-exempt.

In 2014, the IRS simplified the application process for many filing for tax-exempt status. They introduced a shorter and simplified Form 1023EZ, which many nonprofits will qualify to use.

The instructions for Form 1023EZ include an eligibility worksheet that you and your clients will use to determine if they are, in fact, qualified to file this easier form to apply. If qualified, this simpler form must be completed electronically online and its user fee (currently \$400) must be paid online. Once this is done, the IRS will respond in expedited time over the long-form Form 1023 processing time.

For those who do not qualify to file Form 1023EZ, the long Form 1023 is an elaborate and time-consuming form to complete. In order for the IRS representative to accurately determine tax-exempt eligibility, much information is requested.

Instruction on the completion of this form exceeds the scope of this article, due to its complexity. Be aware that the document totals approximately 30 pages, some of which may or may not be applicable to your client. But all applicable pages must be completed, along with supporting or additional documents as required.

Follow the instructions for this form entirely, as well as supplying all requested and additional documentation with the form. In my years of experience, I have learned some of the specific documents that, though they are not required, will be requested by the IRS in a follow-up letter. Therefore, I send them with my initial submission, hoping to expedite the process.

Also, note that, rarely does this form get accepted without any follow-up. It can take a series of back-and-forth communication to get the final approval, but I have always found the IRS agents helpful and sincerely desiring to do the right thing. It's just a matter of accurately answering all of their questions and establishing for them the legitimacy of your client's application for tax-exempt purposes.

Once you and your client have supplied all the necessary information for the IRS to make the determination by filing either the Form 1023EZ or the long Form 1023, your client's organization will receive a determination letter. Make sure your client knows to keep this document with their permanent files, as it is very important and will be referred to for various reasons in the future.

Continued on the following page

A user fee, currently set at \$400 or \$850, must accompany the Form 1023EZ or Form 1023 application in order for the application to be considered duly filed.

Other Considerations

Required Policies

Certain policies need to be in place to obtain tax-exempt status for the organization. If the required Policies are not adopted, attachments to the Form 1023 must explain why they are not. The IRS may decide not to issue tax-exempt status if the policies of the organization do not satisfy its requirements.

Crucial policies to adopt include:

- Conflict of Interest Policy
- Dissolution Policy
- Whistleblower Policy
- Private Inurement Policy
- Record Retention Policy

More information about these can be obtained from the instructions for Form 1023, including the policies which are required. The organization's Board of Directors may decide to implement other Policies as it deems fit as well, but the above policies are highly recommended.

Additional Items to Submit with Form 1023

Although the IRS may request other information or documents, I have learned that it will require, or at the very least request, the following:

- A complete copy of your organization's bylaws
- Resumes of all board of directors
- Required policies
- Other Statements or Explanations as may be necessary to explain certain items on the Form 1023

I recommend attaching these, and all other required documents, to the original Form 1023 when filed. This tends to expedite the approval process. Make sure that all attachments match to the Form's correlating sections through proper cross-referencing in the attachments.

Form 990 Series

Once 501(c)3 status is obtained, the organization becomes liable for filing an annual information return known as the Form 990 series. Most tax-exempt nonprofit organizations are required to file this form every year, although a few exceptions (such as churches) apply.

By understanding these processes, you can begin to offer much-needed guidance to up-and-coming nonprofit organizations that have a dream but need your help to fulfill it. You can then feel good about investing in a good thing that can be of great benefit to others - by helping one nonprofit at a time.



About the Author:

Kay K. Mortimer, EA, has over 24 years of experience in providing tax, accounting and business consulting services. As a minister, she brings a unique understanding of business and tax issues that churches, nonprofits and clergy face.



Top 3 Mistakes Accountants Make in Front of the Government

Samuel Brotman

Not verifying information on the tax return against supporting documentation, not advocating for your client, treating sales tax audits like income tax audits are top mistakes made.

If your client receives an audit notice, tax attorney Samuel Brotman shares three very common mistakes that he have seen tax accountants make when representing clients in front of the government.

Mistake #1 Not Verifying the Information on the Tax Return against Supporting Documentation

When representing a client in an income tax audit, I would highly suggest that you pre-audit the client based on the information that the revenue agent asks for in the Information Document Request (IDR). For example, if deductions are at issue, you will want to verify the numbers stated on the return against the client's general ledger, your work papers, and most importantly the client's bank statements. In order for an expense to be deductible in the year in question, expenses must be both ordinary/necessary AND incurred in the year in question. You would be amazed how many Quickbooks errors that I have seen and how much information does not tie back to the original bank statements. Rather than auditing the whole return, do a small sampling of your major categories to ensure general accuracy and highlight your testing to the auditor in the examination meeting. For income, make sure all deposits can be properly explained and accounted for along with matching the gross income figures listed on the return itself.

Mistake #2 Not Advocating for Your Client

IRS demands and deadlines are not set in stone, which could be detrimental to your client. You are not required to agree with the IRS auditor on all timelines and documentation requirements.

Many tax accountants approach an audit from a "compliance" perspective rather than an "advocacy"

one. Remember that the goal of an audit is to walk out with as little examination change as possible and to make the process as quick and easy for the client as possible. Remember that the government is not under those same time demands. Often times, IDRs that are issued by auditors are overly broad and you are not required to produce all the documentation requested. Start by asking the auditor to reduce the scope of the audit in the first meeting to the key issues. Knocking out key issues to the satisfaction of the auditor can likely streamline the rest of the audit. If you encounter pushback from the auditor, do not be afraid to get their manager involved or to send the case to IRS Appeals. As long as what you are asking for is reasonable, the IRS will generally work with you to make the process as smooth as possible. Remember that the auditor has a workflow too and is similarly motivated to move things along as expediently as possible.

Mistake #3 Treating Sales Tax Audits Like Income Tax Audits

Sales taxes and income taxes are not governed by the same entity. The IRS is in charge of income taxes while the State Board of Equalization is in charge of sales taxes in California. The BOE and the IRS have different spheres of interest and different methods of auditing.

Unlike an IRS audit, a sales tax audit typically encompasses up to four years, and the list of requested documents is enormous. In addition, the BOE may try to set the meeting at the client's home or place of business rather than the tax office.

Neither of these requests is good for the client. Fulfilling an extensive list of documents places a heavy burden on the client and you. Meeting at the client's office or home increases the possibility the auditor will find a way to ask for more documents informally. The more information the tax board has, the more it will try to expand the scope of the audit. The auditor may try to use the additional information to trap your client into a position that may or may not be true. In a sales tax audit, although the temptation may be to give the auditor what they ask for, the focus should be on limiting the scope of information and providing as little information as possible.

Set the meeting at the tax board offices and seek to limit the number of documents requested. Your client does not have to provide everything on the list. Remember that controlling the flow of information will minimize the issues that arise during the course of the audit.

As long as governing bodies require taxes, they will perform tax audits. You are often the first and only advocate your client will ask for assistance. Avoid these three mistakes and save your client a heavy time burden and a higher tax bill.



About the Author:

Samuel Brotman is a practicing attorney in San Diego and the founder of Brotman Law. His practice primarily centers on all aspects of tax litigation and criminal/civil tax controversies in front of the Internal Revenue Service, Franchise Tax Board, Employment Development Department, Board of Equalization, and various other state/local tax agencies. To learn more about Sam, visit him at <http://www.sambrotman.com/> or follow him [Facebook](#), [Twitter](#), or [LinkedIn](#).



Generating Local Media Coverage to Build Your Business

Al Rickard

Your local media is always looking for a good story. Share your wealth of tax and accounting knowledge and get added exposure with these media relation tips.

You have a wealth of knowledge about tax and accounting issues that you share with your clients every day.

Why not expand your reach and share some of this wisdom with potential clients in your community?

The best way to do this is to share some tax and accounting advice with the local media, especially local weekly newspapers and online publications that may be looking for this type of information.

Here are some media relations tips and advice to get you started and guide you through the process:

1. **Define Your Goal** – What do you hope to accomplish by generating media coverage? You will build your brand recognition through this effort, but don't expect the phone to ring off the hook. But it is essential groundwork for your overall marketing and will keep your firm top-of-mind for when individuals and businesses need to find a tax and accounting firm.
2. **Connect With Your Audience** – Think about the tax and accounting concerns that your clients face. Potential clients likely face the same problems. Gear your advice to address these issues.
3. **Create a Compelling Angle** – The media wants an interesting story relevant to their audience. It should be both interesting and informative. Share a dramatic story (anonymously of course) about a tax problem one of your clients based and how you fixed it.
4. **Provide a List of Tips** – Readers love easy-to-read lists of quick tips. Package these with a catchy headline such as "Conquering the Seven Deadly Sins of Tax Preparation."
5. **Don't Make It About You** – Remember that the media wants a story that meets the needs of readers or viewers, not your public relations needs. Inform, don't promote. The subtle promotion you receive through a quote or quick mention of your name in your article or your byline is the appropriate way to be mentioned in the article. If you promote your services in the article the media will not be interested in running it.

Need some topic ideas and talking points to get started?

NSA members have access to [Client Letters](#) on a variety of topics

[Choose a Tax Pro](#) is NSA's consumer website filled with valuable information for taxpayers

Check out NSA's [Life and Taxes Blog](#)

And of course, [IRS Tax Tips](#)

6. **Define and Explain Acronyms** – It's easy to fall into the habit of using familiar acronyms such as those for your professional credentials. If you need to use terms that the average person might not understand – such as your credentials and the acronyms – make sure you define and explain them.
7. **Follow Up** – After a few days it is okay to call the media to inquire about their interest in your story. Briefly explain why you think the issue is important to the media audience and how you can support the reporter with the information he or she needs. Even if the reporter is not immediately interested, let them know that you are always available as a resource for any tax or accounting issues in the future. This can build an important relationship to help generate future media coverage.
8. **Don't Talk Too Much** – If you are interviewed by the media, remember that only a few of your comments (maybe only one!) will appear in a typical news story. Once you have delivered your core messages, don't ramble on with additional points. You may find that these other points make it into the story, at the expense of your messages. This also helps the reporter by giving them less material to wade through.
9. **Respect Deadlines** – Reporters live and die by deadlines, and you can earn their respect and build a relationship by adhering to them and following up with any promised information in a timely manner. Also, make sure you return all phone calls and e-mails promptly.
10. **Don't Ask to See the Story** – Reporters want to protect their independence. Showing a story to a source before it runs violates this, so don't ask! By asking, you show yourself to be naïve about how the media operates, and it won't help your relationship with the reporter. However, you should offer to provide any additional information the reporter may need and offer to check key facts before publication if the reporter wants to do that. But make it the reporter's choice – not yours. Some reporters may offer to show you the story, at which point you should conduct a quick review and change only factual inaccuracies. But remember that seeing the story in advance is an exception to the rule.
11. **Evaluate the Results** – If you succeed in placing an article or news story, evaluate how it turned out. Did it deliver the core messages you wanted to deliver? Will it help you achieve your goal? What could you have done differently to improve the story? Any lessons you can take away from the story will help you next time!



About the Author:

Al Rickard is President of Association Vision, the public relations firm for the National Society of Accountants. Reach him at 703-402-9713 or arickard@assocvision.com or visit www.associationvision.com.

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Tax Consequences when Filing Chapter 13 Bankruptcy

Beth Overbey

Chapter 13 bankruptcy applies to individuals or business sole proprietors and allows the individual to pay off debts from future income over a set period of time.

Filing for Chapter 13 bankruptcy applies only to individuals or sole proprietors of a business. Chapter 13 cases allow the individual to pay off debts from the individual's future income over a set period of time. The goal of filing for Chapter 13 is to develop an installment plan for the individual to pay off the occurred debt in part or full over 3-5 years without further penalty or interest. The individual must have a regular income to be eligible for Chapter 13. Since 2005, the amount of debt that can be discharged has been significantly reduced. Below is the current outline for debt that must be paid in full and may be eligible for discharge.

Three Year Rule – Taxes owed three years prior to filing a Chapter 13 petition must be paid in full. For example, if you had filed for Chapter 13 bankruptcy in January 2013, you would be responsible for full payments of federal and state income taxes owed for 2009, 2010, and 2011 and reported on returns due in April of 2010, 2011, and 2012. Income taxes that are owed for a year that is more than three years prior to filing a petition are usually dischargeable.

Priority Payments – Priority payments include income taxes assessed within 240 days before filing the petition for Chapter 13; property taxes that were due without penalty, within one year before the petition was filed; and select employment taxes on wages reported on a return within three years prior to the petition. Each of these must be fully paid.

Interest and Tax Liens - Interest that is due on tax debts prior to the petition is also considered a priority payment. If interest on a tax debt is oversecured, meaning that the value of the collateral exceeds the amount of taxes to be paid, the debtor is responsible for the interest due to the IRS. The interest is secured if a notice of a federal tax lien has been filed prior to the petition.

What is a tax lien? According to the [IRS website](#):

A federal tax lien is the government's legal claim against your property when you neglect or fail to pay a tax debt. The lien protects the government's interest in all your property, including real estate, personal property and financial assets. A federal tax lien exists after the IRS:

- Assesses your liability;
- Sends you a bill that explains how much you owe (Notice and Demand for Payment); and
- You neglect or refuse to fully pay the debt in time.

Continued on the following page

For example, if the collateral at the time of filing for Chapter 13 is worth \$5,000 but at the time at which the lien was filed was worth \$3,000, your debt is oversecured and you are responsible for the interest. Your debt is undersecured if the collateral is worth less than the lien at the time of filling. If the collateral is only worth \$2,000 when you file for Chapter 13, but the tax lien worth was \$3,000, then the collateral debt interest will be considered undersecured, which is typically eligible to be discharged.

The Interest Exception – Prepetition interest can include oversecured and undersecured debt. Courts do not usually make the IRS designate between the two, meaning that they can use the collateral against undersecured debt, maximizing the amount of priority payments that the individual owes.

Further Payment Requirements – Individuals are also responsible for trust fund taxes and obligations, tax returns that were not filed within the three period, fraudulent tax returns within the three year period and tax penalties related to compensation for financial loss.

Unique Discharges to Chapter 13 - Priority taxes paid with a credit card may be eligible for discharge, with proof that the individual originally intended to fully pay off the credit card prior to filing the bankruptcy petition. Also, an individual may be able to utilize estate assets such as net operating losses to offset debt.

Hardship Discharge – This discharge applies to individuals who are unable to meet the requirements of the repayment plan set up by the court due to circumstances that are out of his or her control, such as illness. Typically this discharge will extend the amount of time an individual has to pay their debt by two years, lengthening the overall time from three to five years.

However, individuals should carefully analyze their situation before applying for the hardship discharge. Under a normal Chapter 13 petition, individuals are responsible for taxes owed on delinquent or late returns that are filed within two years of the Chapter 13 petition, but these taxes are not given a priority status. A hardship discharge will not eliminate delinquent return taxes, requiring them to be paid, whereas a normal Chapter 13 petition may allow for these taxes to be discharged as a non-priority payment.

When dealing with a bankruptcy, please contact an attorney who focuses on bankruptcy for assistance.

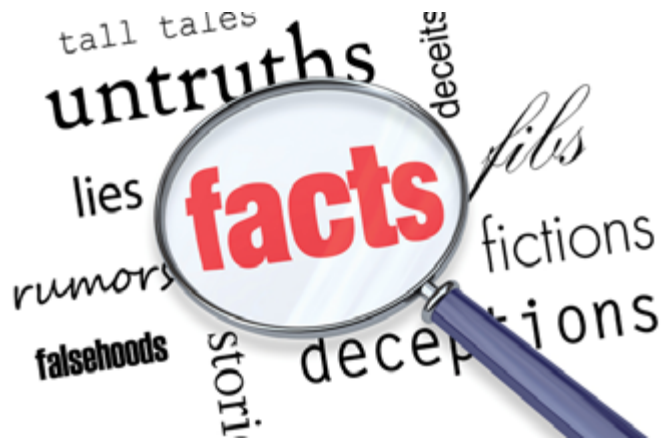


About the Author:

Beth Overbey joined the firm in 1998 while studying Accounting at Bellarmine University. She met Bill Lindemeyer at an Accounting Alumni Luncheon where she was awarded an Accounting Scholarship from [Lindemeyer CPA](#). Beth graduated from Bellarmine University in 2000 with a Bachelor of Arts in Accounting and passed the CPA Exam in 2002. She also went on to finish her Masters in Accountancy from the University of Louisville in 2003. As a partner of Lindemeyer CPA, LLC, she enjoys working with small business clients regarding all their accounting and tax needs. Helping the business grow and be successful is the most gratifying part of her job.

Beth also enjoys the financial planning prospective of the business. She currently has CRC License (Certified Retirement Counselor) which allows her to work closely with her clients for all retirement planning needs.

The Top 5 Myths of the Third-Party Designation on Tax Returns



Mark Bowles and Jim Buttonow, CPA, CITP

As you file your clients' tax returns, know the truth behind these five myths about the third-party designation, or "checkbox" authorization and also understand its specific limitations.

Many practitioners are familiar with the third-party designation, or "checkbox" authorization, available on individual tax returns and most business tax returns. This designation allows taxpayers to authorize another party to discuss their tax return with the IRS.

The purpose of the checkbox authorization is to assist the IRS in the processing of a tax return. To achieve this purpose, the IRS grants specific privileges to third-party designees. Privileges vary slightly by return, but generally, third-party designees can:

- Provide the IRS with information missing from the return.
- Call the IRS for information about return processing or the status of refunds and payments.
- Request transcripts or copies of notices related to the return.
- Respond to some notices related to matters such as math errors and return-processing delays.

In 2010, 58 million individual tax returns selected a third-party designee. Even though this designation is widely used, its scope is often misunderstood. Myths persist, and not all taxpayers or tax professionals understand its specific limitations. As you file your clients' returns this tax season, know the truth behind these five myths about the third-party designation:

Myth 1: "The IRS will contact me about any issues on my client's return."

The [original intent](#) of the third-party designation (introduced in 2001) was to allow the IRS and tax professionals to share information to expedite return processing, and reduce the amount of notices related to return processing. Tax professionals and taxpayers sometimes confuse the third-party designation with other tax authorizations that grant more authority, such as Form 2848, Power of Attorney and Declaration of Representative, and Form 8821, Tax Information Authorization. However, as a third-party designee, you shouldn't expect to be automatically and completely kept in the loop on your client's tax situation.

In practice, the IRS rarely contacts tax preparers when there is an issue with processing the tax return. Most of the errors in return processing are handled by the e-file acceptance process. With more than 80% of tax returns e-filed every year, the filing landscape has changed, but the continued presence of the third-party designation on tax returns often leads tax preparers and taxpayers to believe the myth that the IRS will contact the tax preparer if any issues arise.

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Myth 2: “I’ll automatically receive copies of my client’s notices.”

Many taxpayers believe this myth, but the checkbox designation does not allow designees to automatically receive copies of clients’ notices.

The third-party designation allows you to call the IRS to request copies of your client’s notices related only to the processing of the specific tax return and tax year. For instance, you can request return-processing notices related to math errors and offsets on the return, but you cannot request copies of notices related to compliance issues, such as audits, appeals and collection.

Even though the third-party designation allows you to request notices after the fact for a limited period of time, this is often unnecessary because your client receives the notice and will likely bring it to your attention. To get copied on your client’s notices, you’ll need to obtain a higher level of authorization.

Myth 3: “I can talk to the IRS about anything concerning my client’s return.”

With the checkbox designation, you can discuss only the processing of your client’s tax return with the IRS. This designation is very limited. The IRS will not discuss or provide any information about compliance-related issues, such as underreporter notices, penalty assessments, and audit or collection issues on your client’s account. In practice, when you call the IRS as a third-party designee, don’t be surprised if the IRS representative asks you to obtain a higher level of authorization, such as Form 2848, if you want to discuss more in-depth issues.

Myth 4: “Only the paid preparer can act as the designee.”

This myth is only true for certain business returns (Forms 709, 990, 1041, 1065, and 1120), which explicitly restrict the third-party designation to paid preparers. This limitation is reflected on the form where the third-party designation option appears in conjunction with the paid preparer signature line.

For Form 1040 series individual returns and 94X series business returns, anyone – even a firm – can act as a third-party designee. However, the form instructions have caused confusion about firm designees. According to Form 1040 instructions, “your preparer, a friend, a family member, or any other person you choose” can serve as a third-party designee for the tax year and tax return. While these instructions are clear about the types of individuals who can be designated, they don’t imply that firms can be authorized.

In July 2013, the IRS updated its Internal Revenue Manual to clarify that a “person” can include a company or business for the purposes of the third-party designation. The IRS has not yet updated most form instructions to make this definition clear, but your clients can add your firm as designee on tax returns that do not explicitly restrict the designation to paid preparers.

Myth 5: “This designation lasts forever.”

The third-party designation always expires on the one-year anniversary of the tax return’s original due date. The expiration is automatic, and you cannot extend it, even if you obtain an extended due date for the tax return. This is typically not an issue because most processing problems occur within one year of the return being filed. From the IRS’ perspective, the third-party designation is serving its original purpose.

A better way: Use Form 8821

Although the checkbox designation is serving its purpose for the IRS, your clients may be expecting more, including:

- Confidence that you are kept in the loop on their post-filing issues
- Assurance that you’ll automatically receive copies of their IRS notices and can proactively start addressing any issues that arise
- Authorization coverage that extends for more than one year and covers more than return-processing issues

Form 8821, Tax Information Authorization, extends your authority to receive copies of your client’s IRS correspondence and discuss your client’s account with the IRS. With Form 8821, you or your firm can serve as the appointee, and you can

Continued on the following page

obtain authorization for any tax return across multiple tax years, including three tax years in the future. Also, unlike the third-party designation, Form 8821 authorization is good for seven years unless it's withdrawn earlier.

If your client faces more complex post-filing issues, you can use Form 2848, Power of Attorney and Declaration of Representative, to represent your client before the IRS.

This tax season, understand the most common myths behind the third-party designation, and consider a better alternative with Form 8821. You'll be able to tailor the right authorization for each of your clients and provide superior service all year long.



About the Authors:

[Mark Bowles](#) is tax procedures editor at Beyond415 and specializes in tax authorizations and IRS account research. [Jim Buttonow](#), CPA/CITP, is cofounder of Beyond415, and has more than 26 years of experience in IRS practice and procedure. Reach Jim at jbuttonow@NewRiverInnovation.com.



[Jim Buttonow](#), CPA/CITP, is cofounder of Beyond415, and has more than 26 years of experience in IRS practice and procedure. Reach Jim at jbuttonow@NewRiverInnovation.com.

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How To Reduce Write Offs by **99%**

Hugh Duffy

While it's hard to believe, accountants struggle to get paid promptly. You can reduce uncollectible reduce write-offs, get paid *quickly and improve cash flow with these tips.*

Most accounting firms are downright terrible at implementing a payment processing system to get paid quickly and minimize their uncollectible write offs. Even worse, they dread calling slow paying clients for fear that it will end the engagement, which perpetuates the problem.

If this describes your practice, then here is a process for reducing your write offs by 99% and dramatically improving your cash flow.

1. **Invoice clients electronically.** If you are still mailing out physical invoices to your customers, you are delaying the payment process. Instead, you need to email out invoices and encourage electronic payment processing to speed up payments. In fact, many customers prefer to pay electronically.
2. **Send out invoices right away.** Rather than wait until the end of the month, invoice clients immediately upon completing their work. While this tip seems blatantly obvious, most accountants kick the can down the road and bill at the end of the month. Billing at the end of the month for work completed the first couple of weeks within a month makes no sense. Instead, operate like most businesses and present a bill when the work is completed.
3. **Integrated electronic payment system.** Rather than wait for bills to arrive in the mail, savvy accountants are using an online payment system which accepts electronic payments by eCheck (ACH), credit cards and debit cards.
4. **Distribute hyperlinks everywhere.** To make it easier for your clients to pay you electronically at all times, provide a secure hyperlink so you can integrate electronic payment processing into your website, embed hyperlinks into your invoices and even in your email signature thus eliminating the check is in the mail routine.
5. **Accept mobile payments.** Your electronic payment processing system needs to be mobile friendly these days. And, you should consider accepting mobile payments on your cell phone. It's so easy today to become "mobile friendly."
6. **Integrate online payment processing into your new client process.** Going forward, all new business clients for your accounting practice should sign a client engagement letter and authorization to debit their account (e.g., ACH or credit card) for payment. Whether the client's bill changes each month or is the same fixed fee, you need authorization to capture payment. This provides you with the ability to control getting paid immediately after your work is completed. The reality is that the general public trusts accountants so asking them to sign a document stating that they authorize you to pay yourself is no big deal to most small businesses.
7. **Existing clients that fall behind.** If one of your existing business clients falls 60 days behind, then it's time to contact them directly, provide a reasonable installment payment and have them sign your authorization to debit their account

Continued on the following page

to prevent this from happening in the future. If they don't have the cash, then credit card payment is the fallback alternative.

8. **Coax clients to pay by ACH (eCheck) over credit cards.** As the trusted advisor for your clients, you should advocate that clients pay by ACH.

This 8 Step Program will reduce your uncollectible write offs by 99%. The biggest challenge is your own aversion to change. That's right, your own fear is the biggest obstacle.



About the Author:

Hugh has more than twenty years of marketing experience working in the consumer packaged goods, internet media, publishing and professional services industries. Prior to joining Build Your Firm, he was the Vice President of Internet Marketing for Business & Legal Reports (BLR), a publisher of state/federal laws for employers.

NSA Quick Poll: How are those October 17 Extensions Going?

October 17th is just around the corner.
Visit this [page](#) to vote.

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How Financial Advisors Can Protect Clients with Dementia – and Themselves



Carolyn Rosenblatt and Dr. Mikol Davis

No one with dementia should be making complex financial decisions. They simply aren't safe any longer to judge risk and process the information an advisor gives them.

With 5.4 million Americans suffering from Alzheimer's disease, financial advisors face a formidable challenge that their wealth-management training didn't prepare them for – providing advice to aging clients with diminished mental capacity.

It can create a host of thorny issues to navigate when advisors realize a client seems confused, suffers from memory loss or begins to make unsound decisions.

Many advisors are unsure what their role should be in such scenarios, but ignoring the situation isn't a good option for the client or the advisor, says Carolyn Rosenblatt, an elder law attorney and registered nurse.

Advisors simply must deal with it, says Rosenblatt, who is co-author with her husband, Dr. Mikol Davis, of *Succeed with Senior Clients: A Financial Advisor's Guide to Best Practices*.

"No one with dementia should be permitted to make complex financial decisions," she says. "They simply aren't safe any longer to judge risk and process the information an advisor gives them."

Even worse, Davis adds, they become an easy mark for ruthless people who can trick them into signing over checks and property, or otherwise take financial advantage of them.

Rosenblatt and Davis say financial advisors can take several steps that will help protect both their aging clients and themselves. Those include:

- Increase the frequency of communication with older clients. Rosenblatt and Davis include anyone 60 and older in this group. By increasing the amount of communication – either in person or by phone – an advisor can be more aware of changes the client may be experiencing and head off problems. "Essentially, you are looking for special vulnerabilities that may arise between calls," Davis says.
- Enlist a third party. In fact, advisors should enlist several third parties – trusted individuals who could be called on if the client begins to display problems with diminished capacity. The advisor should get the client's written approval to contact these people whenever the advisor sees fit.
- Get trained in senior-specific issues. Financial advisors and their staffs need to be trained in issues related to seniors, something that's not a normal part of an advisor's education. The training should come from people with aging expertise, such as gerontologists, lawyers who work with elders, psychologists, physicians and social service providers, among others.

"A financial advisor may decide to look out for the welfare of aging clients simply because it's the right thing to do, or they may be driven by a desire to keep the client's assets under their management," Rosenblatt says. "Really, their motivation isn't as important as the actions they take."

About the Authors

Carolyn Rosenblatt and Dr. Mikol Davis are co-authors of *Succeed with Senior Clients: A Financial Advisor's Guide to Best Practices*. Rosenblatt, a registered nurse and elder law attorney, has more than 45 years combined experience in her professions. She has been quoted in the *New York Times*, *Wall Street Journal*, *Money* magazine and many other publications. Davis, a clinical psychologist and gerontologist, has more than 44 years' experience as a mental health provider. In addition to serving his patients, Davis creates online courses and products to assist professionals and the public with understanding aging issues. Rosenblatt and Davis have been married for 34 years.

2016 OFFICE SYSTEM SECURITY CHECKLIST



Protect your practice and don't be a target of hackers. Review these 20 tips and implement them in your firm to keep client information safe and secure.

Tax preparer offices are now becoming the focus of hacker attacks. The following security checklist provided by TaxSpeaker is from their 2016 technology and security classes and provides very useful information to protect your practice and your clients' information.

2016 OFFICE SYSTEM SECURITY CHECKLIST	Complete
1. Encrypt all hard drives on all machines with confidential data	
2. Turn off systems at night, weekends and vacation (n/a-servers)	
3. Reboot computers as you leave for appointments & lunch, logging back in when you return	
4. Require passwords to access the start screen on all smart phones, tablets and laptops	
5. Establish a password with 8 characters of letters, numbers and wildcard character, memorize it and do not share it; and utilize DashLane password software	
6. Install and update an antivirus/anti-phishing and firewall security suite program on all systems (We use & recommend BitDefender)	
7. Implement physical security standards: power down systems when leaving, locking up portable devices, securing server rooms	
8. Implement a "no-click" policy on email links	
9. Restrict remote access to data by all owners and employees, implementing a written office-wide policy and VPNs rather than remote log-in software	
10. Change default passwords and addresses on all devices including routers, computers, tablets, smart phones and software	
11. Practice invisible client interviews: clean desks, files locked away, and computers turned off; or perform all interviews in conference rooms without computer system access. Never allow a client unaccompanied in any room with a computer or file	
12. Establish written standards for work-at-home situations requiring secure rooms, no-access to computer policy except by staff, system shut down at all times when absent. See TaxSpeaker® Telecommuting policy	
13. Perform employee background checks similar to banking institutions	
14. Redact all client SSN's, firm EFIN & personal PTIN on all documents	
15. Never provide a client or outsider with Wi-Fi access in your office	
16. Never, ever use public Wi-Fi including planes, airports, restaurants unless through a secure VPN or using encrypted email	
17. Accept client data only by portal upload, physical visit or surface delivery	
18. External mail boxes and drop off areas must be locked and secure	
19. Change Wi-Fi and all logins upon dismissal, retirement or job change of an employee	
20. Implement, educate and enforce a company-wide computer/internet use policy. See TaxSpeaker® Computer/Internet Use policy	

This checklist was provided by:



• ALL AROUND NSA

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NSA ELECTS NEW OFFICERS AND DIRECTORS AT 2016 ANNUAL CONVENTION

The following officers were installed to the NSA Executive Committee for 2016-2017:

OFFICERS

President

Alfred Giovetti, CPA, ABA, ATA, ARA

Alfred Giovetti is a Principal at Giovetti and Giovetti Certified Public Accountants in Catonsville, Md., a full-service, small CPA firm he founded in 1992. He has been self-employed as an accountant since 1982. During this time he has worked as a lecturer and adjunct professor at local community colleges and the University of Maryland. Active in the industry, Giovetti has served on numerous state and national committees and presented at numerous organizational events including the Internal Revenue Service, Small Business Administration, Accreditation Council on Accountancy and Taxation, National Association of Accountants, Maryland Society of Accountants and NSA.



Vice President

Brian L. Thompson, CPA, ABA, ATA, ARA

Brian Thompson, CPA, of Bailey & Thompson Tax & Accounting in Little Rock, AR, has more than 20 years of experience as an accountant. His long-standing volunteer efforts include serving as the NSA Secretary-Treasurer for the last four years, NSA State Director in Arkansas, and Chair of the NSA Budget Committee. He also has served as President of the Arkansas Society of Accountants.



Second Vice President

Christine Freeland, CPA, ABA, ARA

Freeland was named the NSA Accountant of the Year in 2012 and served on the NSA Board of Governors and as Governor of District X. She also served as an NSA State Director and was honored as State Director of the Year in 2011. Freeland has been President of the Arizona Society of Practicing Accountants, and served on many NSA committees, including two years as Administrative Chair of the NSA Leadership Development Committee. She holds the credentials of Certified Public Accountant (CPA) Accredited Business Accountant (ABA), Accredited Retirement Advisor (ARA), and Certified Senior Advisor (CSA).



Secretary-Treasurer

Curtis Banks Lee, Jr., ATA, ATP,

Curt Lee, ATA, ATP, has owned and operated C.B. Lee & Company in Raleigh, N.C., for more than 34 years. He is an active member of several organizations including the National Society of Accountants and the North Carolina Society of Accountants, holding numerous leadership positions with both organizations. He has served as NSA State Director for North Carolina since 2008 and has been as Legislative Chair in North Carolina since 1996 protecting the rights of unlicensed accountants. Active in industry, he has been an instructor for the



North Carolina State University Income Tax Schools since 2005 reaching more than 1,800 tax practitioners each year. He has traveled across the country speaking and promoting NSA at many ASO meetings and conferences from 2005 to present. He is a Quick Books Pro Advisor.

Executive Vice President

John G. Ams, JD, CAE



John Ams assumed the position of Executive Vice President of the National Society of Accountants (NSA) in July 2001. Prior to joining NSA, he served 16 years in various tax, financial management and administrative capacities for the Interstate Natural Gas Association of America (INGAA), eventually serving as Senior Vice President. A graduate of Michigan State University and Georgetown University Law Center, John began his professional career with the corporation tax division in the National Office of the IRS. Subsequently, he served as Director of Tax Programs for the National Association of Realtors and as Tax Counsel for the Council of State Housing Agencies before joining INGAA.

Immediate Past President

Kathy R. Hettick, EA, ABA, ATP



Past President

Marilyn Niwao, JD, CPA, ATA, CGMA



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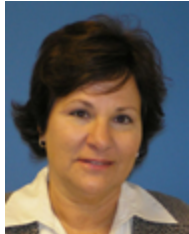
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NSA HONORS AWARD WINNERS AT 2016 ANNUAL MEETING

Each year accounting and tax professionals who made significant contributions to the accounting profession are honored by the National Society of Accountants (NSA).



Person of the Year: IRS Commissioner John Koskinen

Internal Revenue Service (IRS) Commissioner John Koskinen was honored as the NSA Person of the Year for continuing to listen to NSA concerns at a time when tax preparers face challenges such as a shrinking tax season, more complex tax code, and a smaller IRS budget. A case in point: Koskinen recently acted on an NSA request to raise the de minimis provision in the property capitalization regulations, which was capped at \$500 and hurt small businesses. One week after meeting with NSA Koskinen raised the threshold to a reasonable level.

NSA leaders presented IRS Commissioner John Koskinen with the NSA 2016 Person of the Year Award in Washington, DC. Shown left to right are John Ams, Al Giovetti, John Koskinen, Kathy Hettick, Curt Lee, and Brian Thompson.



Accountant of the Year – One of NSA's highest honors was presented to Robert Thoma, EA, ABA, ATA, ATP, ARA, Thoma & Associates LTD of Columbia, IL for outstanding achievement and service to NSA, the accounting and tax profession, the Illinois state society and his community. Thoma enthusiastically served on many NSA committees and participated in IRS Tax Forums. As a volunteer with the Independent Accountants Association of Illinois (IAAI), he developed an ongoing working relationship with the Illinois Department of Revenue and the Missouri Department of Revenue. Thoma is also widely praised for being extremely generous with his time and giving back to his professional community, helping the associations where he is a member and his fellow practitioners



Distinguished Service Award – Presented to Susan Robertson, EA, ATA, ABA, LTC, of 3rd Generation Accounting of Portland, OR, for significant and exemplary contributions for the betterment of NSA and its membership, as well as the accounting profession. The award recognizes continuous service, loyalty, and dedication to NSA. Robertson is a third-generation accountant in the family business and served this year as Administrative Chair to the NSA Leadership Development Committee, where she spearheaded the development of two leadership conferences.



Speaker of the Year – This award recognizes outstanding NSA continuing education presentations. The winner was John O. Everett, CPA, PhD, Professor Emeritus of Accounting at Virginia Commonwealth University in Richmond, VA, who has demonstrated an ongoing commitment to NSA and to helping tax practitioners pass the EA exam. He is the author of the NSA Enrolled Agent Exam Review Course, teaches this 3-day course live for NSA, and also teaches EA exam prep webinars for NSA each year plus webinars on other tax topics. Everett also goes above and beyond teaching these courses, staying in contact with attendees, providing updates, study tips, answers, and encouragement.



Affiliated State Organization (ASO) of the Year – The Arizona Association of Accounting and Tax Professionals was named ASO of the Year for its achievements in membership recruitment, member services, seminar and education sponsorship, legislative activity, and financial stability.



Norma Kraus Award – This award, given to the best State Director of the year, was presented to Ron Grafman, EA, of Germantown, MD, Chair of the NSA Rules Committee and a longtime State Director who is dedicated to attending NSA events, serving on committees, recruiting new members, and continually promoting NSA.



NSA Young Professional of the Year Award – The winner of this newly created award is Erin Nebbin, EA, of Big Lake, Minnesota, who at a young age has already served as President of the Minnesota Association of Public Accountants, where she chaired the committee charged with revamping the state regions and restructuring the annual convention. She has also served on the NSA Membership Committee and participated in the NSA leadership program.

ASO Monitoring and Legislative Achievement Award – This new award was presented to Ken Brauer, EA, ATP, of Lincoln, NE, who is a strong advocate of practice rights for NSA members, especially in the Nebraska affiliated state organization, where he has chaired the legislative program for 15 years. He regularly writes articles regarding legislative and accountancy board matters in the ASO newsletter and provides an in-depth report to members at the end of each legislative session.

Keith Billings Memorial Award – This award is given in memory of Keith Billings, a mainstay of the original NSA Editorial Review Committee, and recognizes the most outstanding ASO publication based on content, coverage of activities, timeliness of articles, newsletter format and overall appearance. The award went to the North Carolina Society of Accountants and its publication, *The Accountant*.

Charles W. McAllister Award – This award is given to Affiliated State Organizations showing the highest net increase in NSA membership during the past year. Two organizations tied for the award and were honored: The Georgia Association of Accountants and Tax Professionals and the Maryland Society of Accounting and Tax Professionals.

Golden Quill Award – This award honors outstanding contributions to the NSA magazine – *Main Street Practitioner* – and the Main Street Practitioner Blog, NSA Newsletter and Life & Taxes Blog. The winner was Frank Stitely, CPA, CVA, of Chantilly, VA, for his article, “3 Rules for Asking Great Tax Return Questions” in the Jan/Feb 2016 issue of *Main Street Practitioner* and his blog, “Why Aren’t You Delegating Yet?”

Outstanding ASO Website Award – This award recognizes ASO websites that are informative, useful to members and provide information that educates the users. The New Hampshire Tax and Accounting Professionals won in the small-to-medium membership category, and the Pennsylvania Society of Tax & Accounting Professionals won in the large membership category.

Outstanding Tax Talker Award – This award recognizes an NSA member for their exceptional participation on the NSA Tax Talk, an online discussion forum launched in 2006 that grows in popularity every year. Members often cite it as one of the NSA benefits they value most. The award went to Marina Hernandez, for posting more than 1,000 comments and giving thoughtful responses to questions on the forum.

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in Time for Tax Season**

Register for an ACAT Exam by 10/30





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EARN TAX AND ACCOUNTING CREDENTIALS BEFORE YEAR END: REGISTRATION OPEN FOR FALL 2016 ACAT EXAMS

Those passing the exam and earning the ATP and ABA credentials will be exempt from the AFTR course and exam.

Registration is now open for the Accreditation Council for Accountancy and Taxation® (ACAT) Fall 2016 exams for accountants, tax preparers and students seeking to earn the Accredited Business Accountant/Advisor (ABA), Accredited Tax Advisor (ATA) and Accredited Tax Preparer (ATP) credentials.

Achieving ACAT accreditation provides a distinction that sets accounting and tax professionals apart and open doors for practice development and career advancement. Earning ACAT credentials provides evidence to clients that accounting and tax professionals have achieved a high level of knowledge and skills and abilities needed to effectively serve their clients.

The opportunity to earn ATP and ABA credentials is important because ATPs and ABAs automatically qualify for the IRS Annual Filing Season Program Record of Completion and are exempt from taking the Annual Federal Tax Refresher (AFTR) course and exam that is part of the new Internal Revenue Service (IRS) voluntary Annual Filing Season Program (AFSP).

Rules about who may represent clients before the IRS changed at the beginning of 2016. ATPs and ABAs who are AFSP Record of Completion Holders now have limited representation rights, meaning they can represent clients whose returns they prepare and sign, before examination, customer service representatives and the Taxpayer Advocate Service.



The Comprehensive Examination for Accreditation in Accountancy (ABA), the Accredited Tax Advisor (ATA) exam and the Accredited Tax Preparer (ATP) exam can be taken between November 1 – December 15, 2016 at test sites across the United States.

ACAT credential holders must meet ongoing continuing professional education (CPE) requirements and adhere to a code of ethics.

The ABA is a high-level credential that tests the technical proficiency of accounting and tax professionals in financial accounting, financial reporting, financial statement preparation, taxation, business consulting services, business law and ethics. Emphasis is on a practical approach to public accounting. Achieving the ABA designation in IA and MN meets state regulatory requirements to practice public accountancy.

The exam is divided into two parts: Practice 1 and Practice 2. **Practice 1** covers financial accounting and financial statement preparation, presentation and reporting. **Practice 2** covers the taxation, business law, business accounting and ethics.

The ABA is accredited by the National Commission for Certifying Agencies (NCCA), an independent resource recognized as the authority on accreditation standards for professional certification organizations and programs.



The ATA is a premier national tax credential for practitioners who handle sophisticated tax planning issues, including planning for owners of closely held businesses, planning for the highly compensated, choosing qualified retirement plans and performing estate tax planning. Their expertise covers tax returns for individuals, business entities, fiduciaries, trusts and estates, as well as tax planning, tax consulting and ethics.

The exam fee for both Practice 1 and Practice 2 of the ABA exam is \$400 or \$250 for one Practice of the exam. The ATA and ATP exam fees are \$250. Registration closes October 30, 2016.



The ATP is a leading national credential for tax practitioners who have a thorough knowledge of the existing tax code and the preparation of individual tax returns with an expertise in comprehensive 1040 issues including supporting schedules, self-employed returns, and ethics.

ABA, ATA, and ATP candidates must pass the exams and meet experience requirements to earn the credentials. A blueprint for each exam with more information on topic areas is available at www.acatcredentials.org.

The exam fee for both Practice 1 and Practice 2 of the ABA exam is \$400 or \$250 for one Practice of the exam. The ATA and ATP exam fees are \$250.

The National Society of Accountants (NSA) offers preparatory course study guides for both the ABA, ATA, and ATP exams and preview exams, which mirror the topics and question format of the ACAT exams.

To learn more, or to register for an exam, [click here](#).

Exam Information

You can take ACAT exams at testing centers between November 1 – December 15, 2016.

Registration closes October 30th

[Register Online](#)



The Accreditation Council for Accountancy and Taxation (ACAT) is an independent accrediting and monitoring organization affiliated with the National Society of Accountants. ACAT accredits professionals in independent practice who have demonstrated measurable knowledge of the principles, practices, and ethical standards of accounting, taxation, information technology and related financial services. For more information, visit www.acatcredentials.org.

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NSA GEAR UP 1040 TAX SEMINAR RETURNS TO MOHEGAN SUN RESORT IN CT, NOVEMBER 10-11

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This comprehensive course covers key tax issues for completing complicated individual returns. All topics include coverage of new legislation, revenue rulings and procedures, as well as case law to help the busy practitioner keep current. Speakers are all practicing preparers who share practical tips and insights to help you get ready for this tax season.

Some of the specific topics for the 1040 seminar include:

- Health care coverage and additional guidance expected in 2016
- Coverage of the Mortgage Relief Act of 2015
- Full coverage of the many extenders and permanent features in the PATH Act
- Continued coverage of the changes in elections and safe harbors in the capitalization regulations
- Updates and case law from late 2015 through 2016

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Refunds and Cancellations:

Requests for refunds must be received in writing by October 1, 2016, and will be subject to a \$75 cancellation fee. No refunds will be granted after October 1, 2016.

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NSA CONNECTED WEBINARS SCHEDULE FOR FALL/WINTER 2016

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Order four or more live or archived webinars in one order and receive a 20 percent discount.

Quick Tips for QuickBooks

October 4, 2016

10/04/2016 at 2:00 PM (EDT)

NASBA CE: 2 Hours/Specialized Knowledge and Applications

QuickBooks has taken the accounting world by storm, becoming the most widely-used software for accountants and non-accountants alike.

Are you getting the most from QuickBooks? Are there features you don't use, or don't know how to use? In this two-hour CPE webinar, Kay K. Mortimer, EA, will discuss the ins and outs of QuickBooks. She will address both well-known features that you may use to a greater degree as well as lesser-known features that you could benefit from. Learn how you can be more efficient with QuickBooks, discover some new insights that give you more functionality, and take advantage of its tools and features yet unused that could add value to your practice.

Presented by Kay Mortimer, EA

[Register](#)

Retirement Planning

October 5, 2016

10/05/2016 at 2:00 PM (EDT)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

This webinar will focus on retirement planning, various types of retirement plans and planning techniques for maximizing funds for retirement. The tax consequences of all types of retirement plans, from simple Individual Retirement Accounts (IRAs) to comprehensive corporate plans, will be covered.

Presented by John O. Everett, CPA, Ph.D., and Cherie J. Hennig, CPA, Ph.D.

[Register](#)

Sales of Personal and Business Assets

10/26/2016 at 2:00 PM (EDT)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

This webinar will focus on the sale or exchange of both business and personal assets. Capital assets and Sec. 1231 assets will be defined and the netting of these items on the tax return discussed. Various depreciation recapture provisions will be explained and illustrated with examples. Planning techniques for asset sales will also be discussed, and the various netting rules will be illustrated with a comprehensive case study and solution.

Presented by John O. Everett, CPA, Ph.D., and Cherie J. Hennig, CPA, Ph.D.

[Register](#)

The World of Payroll: Topics and Updates

10/27/2016 at 2:00 PM (EDT)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

Discover information and updates on a variety of payroll-related issues from aspects of basic payroll to some of the most recent changes to payroll. Covered during this webinar will be the handling of federal employment tax matters, unemployment, employee eligibility, new hire and E-verify, and ACA's regulations and impact on employees and employers for 2016 and beyond. Other topics such as HRAs, Accountable Plans and HSAs will be briefly introduced as well.

Presented by Kay Mortimer, EA

[Register](#)

Continued on the following page

Ethics in the Eye of the Beholder: What Conduct is Most Likely to Result in Discipline under Circular 230?

11/02/2016 at 2:00 PM (EDT)

IRS CE: 2 Hours/Ethics

NASBA CE: 2 Hours/Regulatory Ethics

Karen Hawkins, former Director of the IRS Office of Responsibility, will discuss the provisions in Treasury Department Circular 230 used most frequently in identifying practitioner misconduct warranting discipline during her six-year tenure. She will also identify and discuss key provisions in the regulations of which practitioners should be particularly wary and provide practice pointers for dealing with OPR if you are investigated.

Presented by Karen L. Hawkins, Attorney at Law

[Register](#)

Basic Gift and Estate Planning

11/09/2016 at 2:00 PM (EST)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

This webinar introduces the concept of the unified transfer tax system (gift and estate taxes) and planning techniques to minimize the costs of property transfers during lifetime and at death. The components of the gift and the estate tax computations will be discussed and illustrated through examples. Common and not-so common gift and estate planning strategies will be discussed, including establishing lifetime gifting programs, maximizing the marital deduction, using grantor retained annuity trusts, and evaluating the effectiveness of the portability election.

Presented by John O. Everett, CPA, Ph.D., and Cherie J. Hennig, CPA, Ph.D.

[Register](#)

HRAs: Hidden Tax Savers

11/10/2016 at 2:00 PM (EDT)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

HRAs (Health Reimbursement Arrangements) can bring tremendous savings to any business and pack great benefits for the taking. Learn how this oft-neglected tool for businesses of all sizes can add value to your own practice and to your clients.

Presented by Kay Mortimer, EA

[Register](#)

Best Practices: Compliance and Documentation

11/15/2016 at 2:00 PM (EST)

IRS CE: 2 Hours/Ethics

NASBA CE: 2 Hours/Regulatory Ethics

From engagement agreement to client acceptance and everything in between, this webinar will offer guidance needed to ensure that clients and practitioners understand each other from start to finish. Conflict waivers, disclosure authorizations, and IRC § 7216 consents – find out what you can do to protect your practice.

Presented by Monica Haven, EA, JD

[Register](#)

Vacation Home Rentals

12/07/2016 at 2:00 PM (EST)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

This webinar will examine in detail the complicated and somewhat contradictory rules of Sec. 280A as related to vacation home rentals. The basic Sec. 280 rules are explained through a series of examples, and the controversy over reporting interest and tax deductions is examined closely. This will be followed by a series of planning techniques, including de minimis rentals, legitimate repair days, swaps, and tax opportunities afforded by pooling arrangements following the Razavi court decision. The discussion will also examine situations via examples where it might be to the taxpayer's advantage to increase personal use days in order to have the Sec. 280 limitations apply.

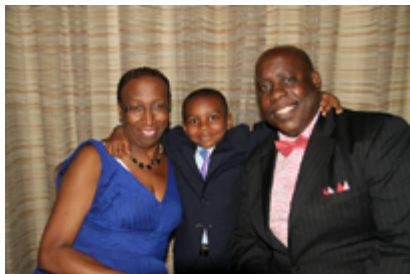
Presented by John O. Everett, CPA, Ph.D., and Cherie J. Hennig, CPA, Ph.D.

[Register](#)

NSA'S 71ST ANNUAL MEETING RECAP

The National Society of Accountants 71st Annual Meeting in Tampa, Florida, was a great success. Al Giovetti was installed as NSA President, awards were presented to outstanding members and others who have contributed to the tax and accounting profession. Our members conducted organization business, networked with their peers and had fun, too.

Here are a selection of photos from the event. View more photos on NSA's [Flickr account](#) [here](#).





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TAX AND ACCOUNTING PROFESSIONALS



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Do you have someone working in your practice who is 39 years or younger or has less than three years' experience? If you have an employee who qualifies, he or she can join NSA with a NSA Young Professional membership for just \$149.

Now that tax season is almost here, it is a great time to expand NSA membership to your staff (and get those extra Tax Help Desk questions).

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www.nsacct.org

NSA's tax research team is busy helping members answer the toughest Federal tax questions.

Tax Topics

Business Organizers from the Tax Help Desk

At the Tax Help Desk we receive all kinds of requests and questions regarding different types of entities and the various rules that involve preparing the tax returns associated with those entities. Half of the struggle we have as tax practitioners is acquiring the proper, timely and correct information from the client.

We struggle to get the income, the deductions, the receipts, the fringe benefit information, the mileage on company vehicles, pension information, a list of partners, members or shareholders and their physical locations – all of the information required to prepare business based tax returns.

We are all familiar with the tax organizer for our individual tax clients – the information package we send out in December or early January to get our individual clients to organize all of their 1040 information – their W-2s and 1099s, their itemized deductions and all of their receipts and credit card statements...everything we need to prepare their individual tax return, their Form 1040. Well, we often do not think of this type of reminder to our business return clients – yet the business organizer does exist, although not as popular as its individual counterpart.

We have put together a couple of versions of the tax organizer for the business client. So that you, as a well prepared tax professional, can put the onus on the client...the partner of the partnership, the shareholder of the S-Corporation or the managing member of the LLC. We can remind them of what we need to properly prepare their business tax returns for them. That we not only need the information listed in the organizer, but that we need it timely, early in the tax season, so we have time to review the information and ask the proper questions to prepare a valid tax return for their business. This organizer will not have all of the answers, but it will serve as a reminder that we need their help in preparing their corporate or partnership tax returns.

These samples can be shortened or modified to your liking and can be used to remind your business clients that you need their help; you need their input and you need it early enough to do something about their tax situations before the tax returns' due date.

It can be a nice marketing tool too – it can remind those business clients who you may not have spoken much to all summer that it is time to start talking taxes, and it may also just generate a BILLABLE year-end tax planning meeting before December 31 – when there is still time to plan.

So take a look at the business return organizers and see if they cannot help your practice out in some way. Your clients may not use them or fill them out, but they may call you before March 1 next year or they may prompt that much needed year-end meeting.

We hope that these help, as we are always looking to be of assistance to you, our valued member.

[S Corporation Tax Organizer \(Form 1120S\)](#)

[Partnership Organizer \(Form 1065\)](#)

[Long Form Organizer \(Form 1120\)](#)

*NSA Active and Associate members get five federal tax questions researched and answered FREE each year.
For more information and to submit a question, log on and go to [Tax Help Desk](#).*

Continued on the following page

S Corporation Tax Organizer (Form 1120S)

S Corporation Name: _____ Year: _____
S Corporation Address: _____ Federal EIN: _____

Client Contact: _____ Phone Number: _____
Email Address: _____

Please provide the following information to assist in the preparation of Form 1120s (U.S. Income Tax Return for an S Corporation) for the above-referenced tax year.

NEW CLIENTS

Provide the following information:

	Done	N/A
1. Copy of federal, state, and local tax returns for the prior three years, including any amended returns.	_____	_____
2. Copy of articles of incorporation, or operating agreement and articles of organization for an LLC, including any amendments.	_____	_____
3. Copy of tax provision from prior year with supporting documentation.	_____	_____
4. Copy of Form 2553 (Election by a Small Business Corporation) that was filed in the first year the corporation elected to be taxed as an S corporation.	_____	_____
5. Copy of Form 8869 (Qualified Subchapter S Subsidiary Election) that was filed for each subsidiary corporation.	_____	_____

GENERAL INFORMATION

If there have been changes to the name or address of the corporation, provide the former and current information.

Schedule of Ownership at Beginning of Year (BOY) and End of Year (EOY)

(attach additional schedule if needed)

Shareholder Name	EIN or SSN	BOY Ownership%	EOY Ownership%

For each change in ownership, provide details including date of transfer, parties involved, and shares acquired or sold.

Schedule of Entities Owned (attach additional schedule if needed)

Name	Address	EIN or SSN	Ownership%	QSub Election Made?

Additional Information

Please provide the following information:

	Done	N/A
1. Oral or written amendments to articles of incorporation or bylaws.	<hr/>	<hr/>
2. Copy of notices from federal, state, or local taxing authorities with any changes noted.	<hr/>	<hr/>
3. Detail of reportable and listed transactions.	<hr/>	<hr/>
4. Copy of Form 3115 (Application for a Change in Accounting Method) if there has been a change in accounting method for the tax year. Also include copies of any Forms 3115 filed in the past three years.	<hr/>	<hr/>

	Done	N/A
5. Copy of Form 1128 (Application to Adopt, Change, or Retain a Tax Year) if the entity has elected to adopt, change, or retain its tax year.	_____	_____
6. Copy of Form 8716 (Election to Have a Tax Year Other Than a Required Tax Year) if the entity has elected under IRC Sec. 444 to have a tax year other than a required tax year.	_____	_____
7. Copy of Form 970 (Application to use LIFO Inventory Method) if the LIFO inventory method was adopted for the tax year.	_____	_____
8. Copy of Form 8832 (Entity Classification Election) if the entity filed a check-the-box election during the year.	_____	_____
9. Copy of federal and state payroll reports for the tax year.	_____	_____
10. Copy of Form W-2s filed and 1099s filed and received for the tax year.	_____	_____

Additional Questions

May the IRS discuss this return with the preparer? ___Yes ___No

FINANCIAL INFORMATION

Please provide the following information:

	Done	N/A
1. General ledger.	_____	_____
2. Detailed trial balance with account numbers.	_____	_____
3. Balance sheet and income statement.	_____	_____
4. For groups with Qualified Subchapter S Subsidiaries, consolidating balance sheet and income statement, including eliminations.	_____	_____
5. Audited financial statements, if available.	_____	_____
6. Support for tax credits to be claimed.	_____	_____

Schedule of Federal Estimated Taxes Paid

Payment	Date Paid	Amount Paid
Prior Year Overpayment		
1st Quarterly Estimate		
2nd Quarterly Estimate		
3rd Quarterly Estimate		
4th Quarterly Estimate		
Extension		

Additional Questions

Did the corporation issue debt instruments with original issue discount? ___ Yes ___ No

Does the corporation meet the following criteria?

1. It was a C corporation before it elected to be an S corporation, or it acquired an asset with a basis determined by reference to its basis in the hands of a C corporation.
___ Yes ___ No
2. It has net unrealized built-in gain in excess of the net recognized built-in gain from prior years. ___ Yes ___ No

If the answer to both questions is yes, enter the amount of net unrealized built-in gain reduced by net recognized built-in gain from prior years. _____

Enter the accumulated earnings and profits of the corporation at the end of the tax year. _____

INCOME AND DEDUCTIONS

Please provide the following information:

	Done	N/A
1. Schedules K-1 received.	_____	_____
2. Forms 1099 filed and received.	_____	_____
3. Forms 5471 (Information Return of U.S. Persons With Respect to Certain Foreign Corporations) received.	_____	_____
4. Amount of officers' compensation included in salaries and wages.	_____	_____
5. Schedule of any LIFO and/or UNICAP calculations.	_____	_____
6. Schedule of interest and dividends not reported on Form 1099s.	_____	_____
7. Detail for other income and other deductions.	_____	_____
8. Detail for tax-exempt interest and other tax-exempt income.	_____	_____
9. Depreciation schedules for book, tax, AMT, and state purposes, including a rollforward of fixed asset additions and deletions and a calculation of current year expense.	_____	_____
10. For additions, provide description, date of acquisition, purchase price, and trade-in allowances.	_____	_____

	Done	N/A
11. For disposals, provide calculation of book, tax, AMT, and state gain (loss), including description, date of acquisition, date of disposition, sales proceeds, cost, accumulated depreciation, and trade-in allowances.		
12. Detail for the following expenses:		
a. Political contributions.		
b. Lobbying expenses.		
c. Gifts.		
d. Penalties.		
e. Fines.		
f. Meals and entertainment.		
g. Club dues.		

Domestic Production Activities Deduction

Please provide supporting documentation and calculations for the following information.

What is the amount of domestic production gross receipts? _____

What is the amount of qualified production activities income? _____

What is the amount of qualified W-2 wages? _____

If you have any flow-through amounts for the domestic production activities deduction from Schedule K-1, include those amounts here.

Charitable Contributions (attach additional schedule if needed)

Donee	Cash or Property	Amount of Cash or FMV of Property	Appraisal Attached?	Supporting Documentation Attached?

Corporate-owned Vehicles (attach additional schedule if needed)

Vehicle	Individual Using Vehicle	Date Placed in Service	Business Miles	Commuting Miles	Other Personal Miles

ASSETS, LIABILITIES, AND CAPITAL

Was there a change in the method of determining quantities, cost, or valuations between opening and closing inventory? If so, provide details.

Was there a writedown of "subnormal" goods? ___ Yes ___ No

If the LIFO inventory method was used, indicate the percentage (or amounts) of ending inventory computed under LIFO. _____

Do the capitalization rules under IRC Sec. 263(a) apply to the corporation? ___ Yes ___ No

Were there any changes to debt in the current year? If so, indicate amount of new debt acquired, amount of debt paid off, or changes in debt terms. _____

Please provide the following information:

	Done	N/A
1. Detail of prepaid expenses and accrued expenses, including date of payment for accrued expenses paid after year end.	_____	_____
2. Detail of loans to/from shareholders and/or related parties.	_____	_____
3. Details of distributions to shareholders, including date, amount of cash distributed, description and FMV of property distributed.	_____	_____
4. Detail of any other related party transactions.	_____	_____

	Done	N/A
5. Rollforward of retained earnings, including increases, decreases, and distributions.		
6. Details of any large or unusual transactions.		

FOREIGN INFORMATION

Provide the following information:

	Done	N/A
1. List of foreign countries or U.S. possessions in which the corporation has activity.		
2. List of foreign trusts and foreign bank accounts.		
3. Detail of foreign income and foreign taxes paid or accrued.		

STATE INFORMATION

Provide the following information:

	Done	N/A
1. List of states in which the corporation has activity.		
2. Schedule of receipts, payroll, and property listed by state.		
3. Schedule of estimated tax payments made for any state or local returns.		

Partnership Organizer (Form 1065)

Partnership Name: _____ Year: _____

Partnership Address: _____ Federal EIN: _____

Client Contact: _____ Phone Number: _____

Email Address: _____

Please provide the following information to assist in the preparation of Form 1065 (U.S. Return of Partnership Income) for the above referenced tax year.

NEW CLIENTS

Provide the following information:

	Done	N/A
1. Copy of federal, state, and local tax returns for the prior three years, including any amended returns	_____	_____
2. Copy of partnership agreement, certificate of limited partnership for a limited partnership, or operating agreement and articles of organization for an LLC, including any amendments.	_____	_____
3. Copy of tax provision from prior year with supporting documentation.	_____	_____
4. Detail of accounting for book-tax differences for property contributed in prior years.	_____	_____
5. Detail for inside and outside basis for partners.	_____	_____
6. Detail for a Section 754 election in effect.	_____	_____

GENERAL INFORMATION

If there have been changes to the name or address of the partnership, provide the former and current information.

Schedule of Partners (attach additional schedule if needed)

#	Partner Name	Address	SSN or EIN	Individual Type of Entity	Domestic or Foreign	GP or LP
1						
2						
3						
4						
5						

Continued on the following page

Indicate which partner is the Tax Matters Partners. _____

Schedule of Partners' Ownership at Beginning of Year (BOY) and End of Year (EOY) (attach additional schedule if needed)

#	Partner Name	BOY Profit %	EOY Profit %	BOY Loss %	EOY Loss %	BOY Capital %	EOY Capital %
1							
2							
3							
4							
5							

For each change in ownership, provide details including date of transfer, parties involved, and interests (identified as general or limited) acquired or sold.

Schedule of Partner Participation (attach additional schedule if needed)

#	Partner Name	Number of Hours Participated	Level of Participation (e.g. Investor, Management, Employee, etc.)	Number of Years of Participation
1				
2				
3				
4				
5				

Schedule of Entities Owned (attach additional schedule if needed)

#	Name	Address	EIN	Foreign or Domestic	Type of Entity	Ownership %
1						
2						
3						
4						
5						

Schedule of Activities Conducted (attach additional schedule if needed)

#	Name of Activity	Trade or Business (Yes or No)	Rental (Yes or No)	Date Started or Acquired	Grouped with Another Activity? (If Yes, Specify by #)
1					
2					
3					
4					
5					

Additional Information Needed

Please provide the following information:

	Done	N/A
1. Oral or written amendments to partnership agreement or operating agreement (for LLC).		
2. Copy of notices from federal, state, or local taxing authorities with any changes noted.		
3. Detail of reportable and listed transactions.		
4. Copy of Form 3115 (Application for a Change In Accounting Method) if there has been a change in accounting method for the tax year. Also include copies of any Forms 3115 filed in the past three years.		
5. Copy of Form 1128 (Application to Adopt, Change, or Retain a Tax Year) if the entity has elected to adopt, change, or retain its tax year.		
6. Copy of Form 8716 (Election to Have a Tax Year Other Than a Required Tax Year) if the entity has elected under Section 444 to have a tax year other than a required tax year.		
7. Copy of Form 970 (Application to use LIFO Inventory Method) if the LIFO inventory method was adopted for the tax year.		
8. Copy of Form 8832 (Entity Classification Election) if the entity filed a check-the-box election during the year.		
9. Copy of Form 8893 (Election of Partnership Level Tax Treatment) or election statement for partnership-level tax treatment in effect for the tax year.		
10. Copy of federal and state payroll reports.		
11. Copy of W-2's filed and 1099's filed and received.		

Continued on the following page

Additional Questions

May the IRS discuss this return with the preparer? ____ Yes ____ No

Is this partnership a publicly traded partnership? ____ Yes ____ No

FINANCIAL INFORMATION

Please provide the following information:

	Done	N/A
1. General ledger.	_____	_____
2. Detailed trial balance with account numbers.	_____	_____
3. Balance sheet and income statement.	_____	_____
4. Audited financial statements, if available.	_____	_____
5. Support for tax credits to be claimed.	_____	_____

INCOME AND DEDUCTIONS

Please provide the following information:

	Done	N/A
1. K-1's received.	_____	_____
2. Schedule of LIFO calculations.	_____	_____
3. Schedule of UNICAP calculations.	_____	_____
4. Schedule of interest and dividends not reported on 1099s.	_____	_____
5. Detail of fringe benefits provided to or paid on behalf of the partners, including amounts treated as guaranteed payments.	_____	_____
6. Detail for other income and other deductions.	_____	_____
7. Detail for tax-exempt interest and other tax-exempt income.	_____	_____
8. Depreciation schedules for book, tax, AMT, ACE, and state purposes, including a rollforward of fixed asset additions and deletions and a calculation of current year expense.	_____	_____
9. For additions, provide description, date of acquisition, purchase price, and trade-in allowances.	_____	_____
10. For disposals, provide calculation of book, tax, AMT, ACE, and state gain (loss), including description, date of acquisition, date of disposition, sales proceeds, cost, accumulated depreciation, and trade-in allowances.	_____	_____
11. Detail for the following expenses:		
a. Political contributions.	_____	_____
b. Lobbying expenses.	_____	_____
c. Gifts.	_____	_____
d. Penalties.	_____	_____
e. Fines.	_____	_____

Continued on the following page

- f. Meals and entertainment.
g. Club dues.

Done	N/A
_____	_____
_____	_____

Domestic Production Activities Deduction

Please provide supporting documentation and calculations for the following information.

What is the amount of domestic production gross receipts? _____

What is the amount of qualified production activities income? _____

What is the amount of qualified W-2 wages? _____

If you have any flow-through amounts for the domestic production activities deduction from Schedule K-1, include those amounts here.

Charitable Contributions (attach additional schedule if needed)

Donee	Date of Contribution	Cash or Property	Amount of Cash or FMV of Property	Appraisal Attached?	Supporting Documentation Attached?

Partnership-Owned Vehicles (attach additional schedule if needed)

Vehicle	Individual Using Vehicle	Date Placed in Service	Business Miles	Commuting Miles	Other Personal Miles

Continued on the following page

ASSETS, LIABILITIES, AND CAPITAL

Was there a change in the method of determining quantities, cost, or valuations between opening and closing inventory? If so, provide details.

Was there a writedown of "subnormal" goods? ____ Yes ____ No

Do the capitalization rules under IRC Sec. 263(a) apply to the partnership? ____ Yes ____ No

Were there any changes to debt in the current year? If so, indicate amount of new debt acquired, amount of debt paid off, or changes in debt terms.

Please provide the following information:

	Done	N/A
1. Detail of prepaid expenses and accrued expenses, include date of payment for accrued expenses paid after year-end.	<hr/>	<hr/>
2. Detail of loans to/from owners and/or related parties.	<hr/>	<hr/>
3. Detail of any other related party transactions.	<hr/>	<hr/>
4. Roll forward of partners' capital accounts, including contributions and distributions.	<hr/>	<hr/>

Capital Contribution (attach additional schedule if needed)

#	Partner Name	Date of Contribution	Cash, Property, or Services	Book Basis	Tax Basis	Prior Depreciation (if any)
1						
2						
3						
4						
5						

For contributions of services, provide details of the services provided.

Capital Distributions (attach additional schedule if needed)

#	Partner Name	Date of Distribution	Cash or Property	FMV	Tax Basis	Property Previously Contributed?	If Yes, Date of Contribution
1							
2							
3							
4							
5							

FOREIGN INFORMATION

Please provide the following information:

- | | | |
|--|-------------|------------|
| | Done | N/A |
| 1. Detail of foreign income and foreign taxes paid or accrued. | _____ | _____ |
| 2. Detail of foreign bank or trust accounts. | _____ | _____ |

STATE INFORMATION

Provide the following information:

- | | | |
|--|-------------|------------|
| | Done | N/A |
| 1. List of states in which the partnership has activity. | _____ | _____ |
| 2. Schedule of receipts, payroll, and property listed by state. | _____ | _____ |
| 3. Schedule of estimated tax payments made for any state or local returns. | _____ | _____ |

CLIENT SIGNATURE

By: _____ Date: _____

Title: _____

Long-form Organizer (Form 1120)

Corporation Name: _____ Year: _____
Corporation Address: _____ Federal EIN: _____
Client Contact: _____ Phone Number: _____
Email Address: _____

Please provide the following information to assist in the preparation of Form 1120 (U.S. Corporation Income Tax Return) for the above referenced tax year.

NEW CLIENTS

Please provide the following information:

	Done	N/A
1. Copy of federal, state, and local tax returns for the prior three years, including any amended returns	_____	_____
2. Copy of articles of incorporation for a corporation, or operating agreement and articles of organization for an LLC taxed as a corporation, including any amendments.	_____	_____
3. Copy of tax provision from prior year with supporting documentation.	_____	_____
4. Copy of carryforward schedules for net operating losses, general business credits, foreign tax credits, credit for prior year minimum tax, and unused charitable contributions and capital losses.	_____	_____

GENERAL INFORMATION

If there have been changes to the name or address of the corporation, provide the former and current information.

Schedule of Officer's Compensation (Attach additional schedule if needed.)

#	Officer Name	Title	SSN	% of Time Devoted to Business	% Common Stock Owned	Compensation
1						
2						
3						
4						
5						

Schedule of Ownership at Beginning of Year (BOY) and End of Year (EOY) (Attach additional schedule if needed.)

Shareholder Name	EIN or SSN	Individual or Type of Entity	Foreign or Domestic	BOY Ownership %	EOY Ownership %

For each change in ownership, provide details, including date of transfer, parties involved, and shares acquired or sold.

Indicate the name and federal EIN of the parent corporation if this corporation is a subsidiary in an affiliated group or a parent-subsiidiary controlled group.

Schedule of Entities Owned (Attach additional schedule if needed.)

Name	Address	EIN	Type of Entity	Foreign or Domestic	Ownership %

Additional Information Needed

Please provide the following information:

	Done	N/A
1. Oral or written amendments to articles of incorporation, bylaws, or LLC operating agreement.		
2. Copy of notices from federal, state, or local taxing authorities with any changes noted.		
3. Detail of reportable and listed transactions.		
4. Copy of Form 3115 (Application for a Change in Accounting Method) if there has been a change in accounting method for the tax year or the past three years.		
5. Copy of Form 1128 (Application to Adopt, Change, or Retain a Tax Year) if the entity has elected to adopt, change, or retain its tax year.		
6. Copy of Form 1122 (Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return) for each subsidiary that will be included in the consolidated return for the first time.		
7. Copy of Form 8716 (Election to Have a Tax Year Other Than a Required Tax Year) if the entity has elected under IRC Sec. 444 to have a tax year other than a required tax year.		
8. Copy of Form 970 (Application to use LIFO Inventory Method) if the LIFO inventory method was adopted for the tax year.		
9. Copy of Form 8832 (Entity Classification Election) if the entity filed a check-the-box election during the year.		
10. Copy of federal and state payroll reports.		
11. Copy of W-2's filed and 1099's filed and received.		

Additional Questions

1. May the IRS discuss this return with the preparer? ☐ Yes ☐ No
2. Does the corporation have employer-owned life insurance contracts (issued after August 17, 2006)? ☐ Yes ☐ No [If yes, then submit a copy of the contract(s).]
3. Does the corporation have any interests in foreign trusts or accounts?
☐ Yes ☐ No [If yes, provide details.]

FINANCIAL INFORMATION

Please provide the following information:

	Done	N/A
1. General ledger.	<input type="checkbox"/>	<input type="checkbox"/>
2. Detailed trial balance with account numbers.	<input type="checkbox"/>	<input type="checkbox"/>
3. Balance sheet and income statement.	<input type="checkbox"/>	<input type="checkbox"/>
4. Audited financial statements, if available.	<input type="checkbox"/>	<input type="checkbox"/>
5. Support for tax credits to be claimed.	<input type="checkbox"/>	<input type="checkbox"/>

Schedule of Federal Estimated Taxes Paid

Payment	Date Paid	Amount Paid
Prior Year Overpayment		
1st Qtr Estimate		
2nd Qtr Estimate		
3rd Qtr Estimate		
4th Qtr Estimate		
Extension		

Additional Questions

1. Did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits?
☐ Yes ☐ No
2. Did the corporation issue publicly offered debt instruments with original issue discount?
☐ Yes ☐ No
3. Did the corporation file SEC Form 10-K for the current year? ☐ Yes ☐ No
4. Did the corporation prepare a certified audited nontax-basis income statement for the current year? ☐ Yes ☐ No
5. Has the corporation's income statement been restated for the current year? ☐ Yes ☐ No

6. Has the corporation's income statement been restated for any of the five income statement periods prior to the current year? ___ Yes ___ No

7. Is any of the corporation's common stock publicly traded? ___ Yes ___ No

If yes, provide the symbol and the nine-digit CUSIP number of the corporation's primary U.S. publicly traded voting common stock. _____

INCOME AND DEDUCTIONS

Please provide the following information:

	Done	N/A
1. K-1s received.	_____	_____
2. Form 5471s received.	_____	_____
3. Schedule of LIFO calculations.	_____	_____
4. Schedule of UNICAP calculations.	_____	_____
5. Schedule of interest and dividends not reported on Form 1099s.	_____	_____
6. Detail for other income and other deductions.	_____	_____
7. Detail for tax-exempt interest and other tax-exempt income.	_____	_____
8. Depreciation schedules for book, tax, AMT, and ACE purposes, including a rollforward of fixed asset additions and deletions and a calculation of current-year expense.	_____	_____
9. For additions, provide description, date of acquisition, purchase price, and trade-in allowances.	_____	_____
10. For disposals, provide calculation of book, tax, AMT, and ACE gain (loss), including description, date of acquisition, date of disposition, sales proceeds, cost, accumulated depreciation, and trade-in allowances.	_____	_____
11. Detail for the following expenses:	_____	_____
a. Political contributions.	_____	_____
b. Lobbying expenses.	_____	_____
c. Gifts.	_____	_____
d. Penalties.	_____	_____
e. Fines.	_____	_____
f. Meals and entertainment.	_____	_____
g. Club dues.	_____	_____

Dividend Income

Indicate the amount of dividends received from the following:

- Less-than-20%-owned domestic corporations

- 20%-or-more-owned domestic corporations

- Debt-financed stock of domestic and foreign corporations

- Certain preferred stock Of less-than-20%-owned public utilities

- Certain preferred stock of 20%-or-more-owned public utilities

- Less-than-20%-owned foreign corporations and certain FSCs

- 20%-or-more-owned foreign corporations and certain FSCs

- Wholly owned foreign subsidiaries

- Domestic corporations received by a small business investment company

- Affiliated group members

- Certain FSCs if the dividends are attributable to foreign trade income

- Foreign corporations not included above

- Income from controlled foreign corporations under Subpart F

- Foreign dividend gross-up

- IC-DISC and former DISC dividends not included above

- Other dividends

Domestic Production Activities Deduction

Please provide supporting documentation and calculations for the following information:

Domestic production gross receipts

Qualified production activities income

Qualified W-2 wages

If you have any flow-through amounts for the domestic production activities deduction from Schedule K1, include those amounts here.

Charitable Contributions (Attach additional schedule if needed.)

Donee	Description of Property	Amount of Cash or FMV of Property	Appraisal Attached?	Supporting Documentation Attached?

Corporate-owned Vehicles (Attach additional schedule if needed.)

Vehicle	Individual Using Vehicle	Date Placed in Service	Business Miles	Commuting Miles	Other Personal Miles

ASSETS, LIABILITIES, AND CAPITAL

Was there a change in the method of determining quantities, cost, or valuations between opening and closing inventory? If so, provide details.

Was there a writedown of "subnormal" goods? ___ Yes ___ No

If the LIFO inventory method was used, indicate the percentage (or amounts) of ending inventory computed under LIFO. _____

Do the capitalization rules under IRC Sec 263A apply to the corporation? ___ Yes ___ No

Were there any changes to debt in the current year? If so indicate the amount of new debt acquired, amount of debt paid off, or changes in debt terms.

Please provide the following information:

	Done	N/A
1. Detail of prepaid expenses and accrued expenses, include date of payment for accrued expenses paid after year-end.	<hr/>	<hr/>
2. Detail of loans to/from shareholders and/or related parties.	<hr/>	<hr/>
3. Detail of any other related-party transactions.	<hr/>	<hr/>
4. Detail of any foreign financial (bank, securities) accounts.	<hr/>	<hr/>
5. Rollforward of retained earnings, including increases, decreases, and distributions.	<hr/>	<hr/>

STATE INFORMATION

Provide the following information:

	Done	N/A
1. List of states in which the corporation has activity.	<hr/>	<hr/>
2. Schedule of receipts, payroll, and property listed by state.	<hr/>	<hr/>
3. Schedule of estimated tax payments made for any state or local returns.	<hr/>	<hr/>

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A wide-angle photograph of the U.S. Capitol building in Washington, D.C., featuring its iconic dome and neoclassical architecture under a blue sky with scattered white clouds. The building is surrounded by green lawns and trees.

Legislative Link

NSA Leaders Send Letter to House Leaders Opposing Koskinen Impeachment

Leaders of the National Society of Accountants (NSA) sent a [letter](#) to leaders of the U.S. House of Representatives opposing any resolution to impeach or censure Internal Revenue Service (IRS) Commissioner John Koskinen.

The letter was co-authored by NSA President Al Giovetti, CPA, ABA, ATA, ARA, and NSA Executive Vice President John Ams. It was sent to House Speaker Paul Ryan, House Democratic Leader Nancy Pelosi, Ways and Means Committee Chairman Kevin Brady, and Ways and Means Committee Ranking Member Sander Levin.

“We are concerned that the effort to censure or impeach Commissioner Koskinen will hasten the deterioration of the voluntary compliance system that is the cornerstone of our taxing structure,” NSA leaders wrote. “The lack of respect for the IRS shown by such an effort, especially when coupled with the significant budget cuts enacted over the last several years, is already apparent as evidenced by the numerous taxpayers who ask NSA members why they should pay their taxes when the IRS does not have the ability to audit them.

“We are also concerned that impeachment or censure will further disrupt the functioning of the IRS, which already suffers from low morale as a result of inadequate budgets and the inability to hire sufficient staff to deal with an ever-increasing work load.”

Giovetti and Ams concluded the letter by saying, “The effort to impeach or censure Commissioner Koskinen will inevitably take up time the Congress could better spend enacting meaningful tax reform that the taxpaying public, tax professionals, Congress, and the Administration all agree is long overdue.”

Speaking about the decision to send the letter, Ams said, “The steady erosion of resources within the IRS has had a huge detrimental effect on the ability of taxpayers and their paid tax preparers to complete their tax returns in a timely manner. It is increasingly challenging to obtain IRS responses to questions and provide the guidance we often need to comply with the complex tax code. It’s time to focus on better service from the IRS and not penalize Commissioner Koskinen as he works to improve IRS operations.”

The letter can be downloaded [here](#) for offline reading.



Legislative Link



John Ams
Executive
Vice President

NSA EVP Appointed to IRS Electronic Tax Administration Advisory Committee

John Ams, Executive Vice President of the National Society of Accountants (NSA), was appointed to the Electronic Tax Administration Advisory Committee (ETAAC) of the Internal Revenue Service (IRS).

The ETAAC provides an organized public forum for discussion of electronic tax administration issues to promote paperless filing of tax returns, which ETAAC believes should be the preferred and most convenient method of filing tax and information returns. ETAAC members convey the public's perception of the IRS electronic tax administration activities, offer constructive observations about current or proposed policies, programs, and procedures, and suggest improvements.

"As a member of ETAAC, I hope to give voice to the hundreds of thousands of tax professionals who each year use software to file more than 60 percent of all returns and who will be tasked with implementing the procedures and protocols the committee will consider to combat identity theft and enhance cybersecurity," Ams said.

Ams added that tax professionals are increasingly at risk for cybercrimes since many of them possess sensitive financial information for thousands of clients.

"Tax professionals have been in the forefront of efforts to move toward e-filing because they view it as more secure than regular mail and is convenient when integrated with their tax preparation software. I believe these professionals would also be willing partners in efforts to provide a secure online environment for themselves and their clients if they are made aware of the risks in terms they understand, are provided with solutions – perhaps as suggested best practices – that are easily incorporated into their existing office environments, and can use this as a potential selling point to clients, many of whom are themselves increasingly concerned about identity theft and online security."

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