

# The Inland Empire Tax Gazette

Newsletter of the Inland Empire Chapter of the California Society of Tax Consultants. Published monthly May through December.

Editor: Hilde Morrow

December 2010



California Society of Tax Consultants  
Inland Empire Chapter

## PRESIDENT'S COLUMN



The holiday season is upon us! Soon, we'll be discussing W2s and 1099s and all those deductions with our clients. This is also my last column as your 2010 Chapter President. I just briefly want to thank you all for your attendance at our dinner meetings and support of CSTC. You have elected a great group of people to continue the CSTC effort of quality education.

We've had a busy year. We started the year with our 8 hour workshop in January and continued with our 7 dinner meetings through November. Our last dinner meeting will be on December 15<sup>th</sup> and will be an hour of education on Health Savings Accounts. We will have some prizes so don't forget to make your reservation.

Don't forget to sign up for the January workshop. It's an inexpensive 8 hours of CPE with Claudia Stanley and Brenda Voet. The education provided is an excellent way to begin the tax season.

The Board meets at 4:00 at the Claremont Doubletree just before our monthly dinner. Feel free to join us!

### *Barbara*

Barbara Feliciano, C.P.A., [barbfelicpa@gmail.com](mailto:barbfelicpa@gmail.com) 909-896-1452  
President Inland Empire Chapter

### CSTC MISSION STATEMENT

To promote professionalism by providing quality educational events for tax professionals, creating and encouraging networking opportunities for members, and advocating professional standards and positions within the tax industry.

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### Officers

President	Barbara Feliciano
	909-896-1452
1st VP	Annette Finnerty
	909-983-3716
2nd VP	Clint Young
	951-682-4848
Secretary	Jessica Vasquez
	909-591-1807
Treasurer	Randi Stern
	909-597-2721
Past President	Hilde Morrow
	909-624-9366

### Directors

Membership	Priscilla Lerma
	909-983-3716
Asst Treasurer	Ann Mills
	909-983-3716
General	Russel Bisgaard
	760-880-1898

### Newsletter

	Hilde Morrow
	<a href="mailto:HildeMorrow@Prodigy.net">HildeMorrow@Prodigy.net</a>
	909 624 9366

# DECEMBER 2010 DINNER MEETING

## DoubleTree Hotel Claremont

555 West Foothill Blvd

Claremont, CA 91711

Wednesday, December 15, 2010

Dinner at 6:00 pm — Sign in at 5:30 pm

*For Reservations and Menu Preference:*

Phone 1-888-853-9670 on or before Saturday, December 11, 2010 11:59 pm



### MEETING COST (dinner and 2 hrs of education)



**\$30** for members on the permanent dinner list & members with timely reservations.

**\$35** for first time attendees with timely reservations.

**\$45** for members without reservations or late reservations.

**\$45** for non-members with or without reservations.

### == MENU ==

House Salad with Ranch and Italian Dressings

Fresh Rolls and Butter

### Roast Top Round of Beef with au jus

Rice Pilaf

Steamed Mixed Vegetables

**OR**

Pasta Primavera

Fusilli Pasta in Rich Cream Sauce and Fresh Vegetables

Coffee, Ice Tea & Chef's Choice House Dessert

**Cancellation Policy:** If you are on the permanent dinner list or have made a reservation and are unable to attend, you must cancel your reservation by **Saturday, December 11, 2010, 11:59 pm**, otherwise you will be billed for the dinner.

**Did you prepay for the entire year and are unable to attend a meeting?** Please be courteous and call the message line to cancel your reservation. This will prevent our chapter from having to pay for dinners nobody will eat. Thank you for your cooperation!

**Note to all members:** Please check the permanent dinner list below for accuracy. Are you on the list and should not be, or should you be on the list and your name does not appear?

If you wish to be added to or deleted from the permanent dinner list please inform Randi Stern, 909-597-2721, Email: [RCS225@Verizon.net](mailto:RCS225@Verizon.net). Alternatively, you may call our message phone 1-888-853-9670 and leave a message.

### PERMANENT DINNER LIST\*

Marylou Balao  
Emma Barrows  
Russel Bisgaard  
Phillip Brown  
Mary Carlos  
Noel Canon  
Janice Coleman  
Cookie Diamond

Mamie Erby  
Barbara Feliciano  
Annette Finnerty  
Wayne Franck  
Rosemary Genovese  
Ruth Godfrey  
Sharon Hardy  
Eric Johnson

Lan Tran Le  
Priscilla Lerma  
Sonia Luviano  
Renee McClellan  
Ann Mills  
Hilde Morrow  
J.M. Olchawa  
Michael Olden

Robert Rego  
Michael Richeson  
Randi Stern  
Jessica Vasquez  
Dee Wonders  
Clint Young

\*current to Nov 2010

The California Society of Tax Consultants was born in Southern California in 1966. Today we have 15 Chapters in California. CSTC's emphasis on high-quality education and its atmosphere of friendly sharing make it an ideal organization for the tax professional.

# DECEMBER 2010 SPEAKER INFORMATION

## TOPIC: Health Savings Accounts—HSAs

**CTEC # 1000-CE-3137—1 hour Federal Credit**

### Speaker: Raul Mercado

**R**aul Mercado is the owner of Mercado Insurance Services located in Pasadena, since 2001. He currently holds life, health, fire and casualty licenses. He is also a member of the Los Angeles Association of Health Underwriters, the California Association of Health Underwriters, and the National Association of Health Underwriters. Raul’s hobbies include training and running half-marathons, working out, and spending time with his 14 nieces and nephews.



This presentation has been designed to meet the requirements of the Director of Practice of the Internal Revenue Service; the California State Board of Accountancy; and the California Tax Education Council including code 31 of Federal Regulations 10.6(g). This does not constitute an endorsement by these groups. A listing of additional requirements to renew tax-preparer registration may be obtained by contacting CTEC at PO Box 2890, Sacramento, CA 95812-2890, or phone CTEC at 1-877-850-2832, or on the Internet at [www.ctec.org](http://www.ctec.org).



**O**ur 2011 Board of Directors will be installed at this meeting. We will also have a short Annual Meeting. There will be no gift exchange this year, but we will have some door prizes. Since our educational meeting is only scheduled for 1 hour, you will have extra time for networking and visiting with your fellow practitioners.

### This is our 2010 Meeting Location



### SAVE THE DATE—MARK YOUR CALENDAR NOW!

#### Tax Year 2010 Update and Review Workshop

January 8, 2011 - 8 hours CPE credit



An updated flyer with all the details, including a reservation form will be transmitted with this newsletter.

## Who joins CSTC?



Anyone who does tax work—tax preparers, bookkeepers, accountants, EAs, CPAs, part-timers, full-timers, beginners and veterans. CSTC welcomes anyone who meets California requirements to prepare tax returns.

## Why join CSTC?

When professionals work together to solve common concerns everyone wins. The upscale word for this is “Networking.” Most members point to this as the main benefit of membership in CSTC. No two of us are competitors! Members freely and openly turn to one another for help with:



- Researching tax laws
- Dealing with IRS and FTB
- Techniques of practice and management
- Selecting products, from library to computer systems to software to service bureaus
- Staffing and professional assistance
- Securing professional insurance products – health, life, liability, and others

## Educational Opportunities

Programs cover as wide a spectrum as the membership. Most are approved for CTEC credit, IRS credit for EA’s, and credit by the California Board of Accountancy. Local chapters offer:



- Monthly meetings with topical speakers and valuable networking
- Classes in Fundamentals of Tax Preparation
- Fall workshops covering a wide variety of topics on taxation of individuals, corporations, partnerships, fiduciaries and estates
- Last-minute update workshops just in time for tax season
- Workshops on practice management
- Workshops on tax research, dealing with the IRS, handling out-of-state tax returns

## Larger programs are run by CSTC with all chapters working together

- Summer Tax Symposium. Combine education with fun for these three-day programs in resort areas like Las Vegas, Laughlin and Reno. Tailor your education by choosing from among concurrent sessions.
- Annual Tax Bridge Seminar.

## CSTC Inland Empire Chapter Benefits

- A free Quickfinder or TheTaxBook for members who attend at least 5 of our educational dinner meetings (December does not count), or 4 meetings and the January 2010 Workshop.
- Members who prepay for their 2010 dinner meetings, will be able to save \$45 off the total price. The cost for all 8 meetings is \$195. The deadline to pay is June 16, 2010. No dinners will carry over to 2011 and there will be no refunds for missed dinners.
- Chance to win a ½ off dinner for wearing your badge to the meetings. Members who prepaid for all the meetings will receive a \$15 Staples gift card.
- Any member who signs up a new member gets a ½ off dinner the month after the person joins. The new member will also get ½ off (this does not apply to prior members who join again).
- A monthly free Newsletter.
- Eight educational dinner meetings (2 hrs CPE) and **one** Saturday all day workshop (8 hrs CPE).
- Non-credit breakfast meetings during tax season provide a chance to network and get answers to difficult tax questions from other tax professionals.



# Membership Anniversaries



December 2010

Thank you for your loyalty to our Chapter!

Member	Anniversary Month
Ricardo R. Fonseca	11 years, December
Wayne Franck	28 years, December

Member	Anniversary Month
Norma A. Vargas	1 year, December
Clayton Westphal	7 years, December



## 2010 Board of Directors

President	Barbara Feliciano
1st Vice President	Annette Finnerty
2nd Vice President	Clint Young
Secretary	Jessica Vasquez
Treasurer	Randi Stern
Past President/Newsletter	Hilde Morrow
Director—Membership	Priscilla Lerma
Asst. Treasurer	Ann Mills
Director—General	Russel Bisgaard



The November winner of our wear your badge drawing was Oscar Moreno. He received a 1/2 off coupon.



Our Newsletter is published monthly May through December of each year. This is the last issue until May of 2011.

We will have our usual non-credit breakfast meetings in February and March. A flyer will go out via email. We will also notify you via email if any important information needs to be sent to you.

## 2011 BOARD OF DIRECTORS

We elected the 2011 Board at the November 17, 2010 meeting  
**Installation of the Officers and Directors will be at the December Meeting**  
 The term of office is 1 year, unless otherwise stated.

President (2 year term)	Priscilla Lerma
1 <sup>st</sup> Vice President	Ann Mills
2 <sup>nd</sup> Vice President	Clint Young
Secretary	Jessica Vasquez
Treasurer (not open)	Randi Stern (serving 2 <sup>nd</sup> year of a 2 year term)
Past President	Barbara Feliciano (not an elected position)
Director— Membership/Newsletter	Hilde Morrow
Director—Asst. Treasurer	Lan Tran-Le
Director – Member at Large	Cookie Diamond



## DID YOU KNOW?



The Society "On-Line" education program replaces The Society Classroom Series.

At this time 4 hours California, 2 hours California Differences and 2 hours Ethics are offered. More classes will be added later.

In case you are short of hours before the October 31, 2010 deadline, here is your chance to pick up extra hours.

**The cost for MEMBERS is as follows:**

\$25 for the 2 hour Ethics course

\$50 for the 4 hour California course

\$25 for the 2 hour California Differences course

Non-members may also take the courses, but the fee is higher.

Go to: [www.cstcsociety.org](http://www.cstcsociety.org) and click on the Education Button.

It is okay to use the CSTC logo on your letterhead. The conditions are:

be a member in good standing, add the phrase "Member of ..." or "Member since..." when using the logo.



## CLASSIFIED ADS

There is no charge to members to advertise positions available in their practice, equipment for sale, or similar subjects. For non-members and for promotional advertising, there is a \$15 charge for each advertisement in the newsletter, limited to business-card size, subject to available space and the discretion of the Chapter Board. Advertising does not constitute endorsement by the Inland Empire Chapter of the CSTC.

Please contact Hilde Morrow if you would like to place an ad.

[HildeMorrow@Prodigy.net](mailto:HildeMorrow@Prodigy.net)



Job available at the start of the 2010 Tax season (January 2011) for:  
 "An experienced and bilingual (Spanish) Tax Preparer needed in Tax Center located in Upland, CA.  
 If interested, please call Maryl at 909.286.5552 or Suzy at 626.483.1319."

### OPEN POSITION

Experienced Tax Professional needed

Not seasonal!

**Knowledgeable in personal, corporate and non-profit returns.**

Excellent Pay, San Bernardino area.

Long term, growing office.

Contact Ron Drake 909.890.2434  
 Tax And Bookkeeping Solutions, Inc (TABS)

### IRS Seeks to Return \$164.6 Million in Undelivered Checks to Taxpayers

The IRS is looking to return \$164.6 million in undelivered refund checks. A total of 111,893 taxpayers are due one or more refund checks that could not be delivered because of

### IRS Communication :

Over 253,000 individuals have successfully registered on the new PTIN system with another 100,000 in various stages of registration.

Today, 11/29/2010, we added this message to the IRS.gov PTIN page:

**\*\*\*Attention joint filers with different last names. Please wait until December 6, 2010, to submit a PTIN application if: your last return was married filing jointly, you were the secondary spouse on the return, and you have a different last name than your spouse. We are addressing a system issue that has prevented joint filers with different last names from getting their PTIN. We apologize for any inconvenience.\*\*\***

Please alert tax professional organizations of this information. Any other preparers who have experienced difficulty with registration may also want to try again beginning 12/6 as other miscellaneous programming improvements are being conducted at the same time.

Submitted by  
 Katie Williams, IRS



## NEWS FROM THE TAX FRONT

Submitted by Katie Williams, IRS—11/29/2010

### More Updates on PTIN Registration System

Latest stats: Over 279,000 PTINs issued as of yesterday with another 100,000 plus in various stages of registration.

Also, we posted two new FAQs today under Scenarios about reporting agents. Please ensure these are cascaded to your payroll industry partners:

7. I am a reporting agent who prepares Forms W-2, Forms W-4 and Forms 94X series returns for my clients for compensation. I do not exercise any discretion or independent judgment on my client's underlying tax positions and I do not render tax advice to any of my clients. Do I need a PTIN? (posted 11/29/10)

No. The PTIN regulations incorporate the carve-out from the definition of tax return preparer in Treasury Regulation section 301.7701-15(f) for individuals who provide only typing, reproduction, or other mechanical assistance in the preparation of a return or claim for refund. Example one under Treasury Regulation section 301.7701-15(f)(6) provides that reporting agents who do not exercise any discretion or independent judgment on the client's underlying tax positions and who do not render tax advice to any clients are carved-out under this exception and, therefore, are not tax return preparers.

8. I am a reporting agent who prepares Forms W-2, Forms W-4 and Forms 94X series returns for my clients for compensation. On occasion, my clients ask me for assistance with issues such as determining whether their workers are employees or independent contractors for federal tax purposes. Do I need a PTIN?

Yes. The PTIN regulations require all tax return preparers who are compensated for preparing, or assisting in the preparation of, all or substantially all of a tax return or claim for refund of tax to register and obtain a PTIN. The carve-out from the definition of tax return preparer for individuals who provide only typing, reproduction, or other mechanical assistance in the preparation of a return or claim for refund does not apply to reporting agents who render tax advice to any client (example two under Treasury Regulation section 301.7701-15(f)(6)).

Source IRS 11/12/2010

## Health Savings Accounts (HSAs)

### 2010

High Deductible Health Plan (HDHP). For HSA purposes, the minimum annual deductible of an HDHP increases to \$1,200 (\$2,400 for family coverage) and the maximum annual deductible and other out-of-pocket expenses limit increases to \$5,950 (\$11,900 for family coverage).

**Limits on contributions.** The maximum HSA contribution increases to \$3,050 (\$6,150 for family coverage).

### 2011

**Nonprescription medicines no longer qualify.** For tax years beginning after December 31, 2010, nonprescription medicines (other than insulin) do not qualify as an expense for HSA purposes unless they are prescribed.

For more information, see [Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans](#).

October 28, 2010

## ELECTRONIC ACCOUNTING RECORDS ACCEPTED DURING AUDITS

In Headliner Volume 303, the IRS Small Business/Self-Employed Examination Division stated it will request and accept taxpayer records in electronic format where appropriate. The IRS will accept QuickBooks® and Peachtree® files submitted in CD, DVD or flash drive format, thus eliminating the need for taxpayers to print out electronically-stored records. Approximately 1,100 agents were trained to use the software. The IRS hopes that using electronic records will speed audit resolution and decrease taxpayer burden.



## Expanded Recovery Act Tax Credits Help Homeowners Winterize their Homes, Save Energy; Check Tax Credit Certification Before You Buy, IRS Advises

IRS YouTube Video: Energy Credits – It's Not Too Late: [English](#) | [Spanish](#) | [ASL](#)

WASHINGTON — People can now weatherize their homes and be rewarded for their efforts. According to the Internal Revenue Service, homeowners making energy-saving improvements this fall can cut their winter heating bills and lower their 2010 tax bill as well.

Last year's [Recovery Act](#) expanded two home energy tax credits: the nonbusiness energy property credit and the residential energy efficient property credit.

### Nonbusiness Energy Property Credit

This credit equals 30 percent of what a homeowner spends on eligible energy-saving improvements, up to a maximum tax credit of \$1,500 for the combined 2009 and 2010 tax years. The cost of certain high-efficiency heating and air conditioning systems, water heaters and stoves that burn biomass all qualify, along with labor costs for installing these items. In addition, the cost of energy-efficient windows and skylights, energy-efficient doors, qualifying insulation and certain roofs also qualify for the credit, though the cost of installing these items does not count.

By spending as little as \$5,000 before the end of the year on eligible energy-saving improvements, a homeowner can save as much as \$1,500 on his or her 2010 federal income tax return. Due to limits based on tax liability, amounts spent on eligible energy-saving improvements in 2009, other credits claimed by a particular taxpayer and other factors, actual tax savings will vary. These tax savings are on top of any energy savings that may result.

### Residential Energy Efficient Property Credit

Homeowners going green should also check out a second tax credit designed to spur investment in alternative energy equipment. The residential energy efficient property credit equals 30 percent of what a homeowner spends on qualifying property such as solar electric systems, solar hot water heaters, geothermal heat pumps, wind turbines, and fuel cell property. Generally, labor costs are included when figuring this credit. Also, except for fuel cell property, no cap exists on the amount of credit available.

Not all energy-efficient improvements qualify for these tax credits. For that reason, homeowners should check the manufacturer's tax credit certification statement before purchasing or installing any of these improvements. The certification statement can usually be found on the manufacturer's website or with the product packaging. Normally, a homeowner can rely on this certification.

The IRS cautions that the manufacturer's certification is different from the Department of Energy's Energy Star label, and not all Energy Star labeled products qualify for the tax credits.

Eligible homeowners can claim both of these credits when they file their 2010 federal income tax return. Because these are credits, not deductions, they increase a taxpayer's refund or reduce the tax owed. An eligible taxpayer can claim these credits, regardless of whether he or she itemizes deductions on [Schedule A](#). Use [Form 5695](#), Residential Energy Credits, to figure and claim these credits.



FTB NOVEMBER 2010 TAX NEWS

## What is a Partial Lien Release?

A partial lien release releases a specific piece of property from a recorded state tax lien. However, it does not release the lien in its entirety. The lien remains in effect against the taxpayer and continues to encumber other property the taxpayer owns or acquires in the future. Sometimes, during short sales transactions, your client may not have enough funds in their escrow account to pay off our recorded state tax lien in full. If this happens, you may request a Partial Lien Release from us.

To request a partial lien release for your client, call the Lien Resolution Unit at 916.845.4350. If it is determined that a partial release of lien or subordination of a lien is warranted, we will ask for the following documentation to be submitted via overnight mail to the address below:

- Letter of explanation.
- Estimated closing statement.
- Current preliminary title report that includes the legal description of the property.
- Current appraisal.
- Copies of all other lien encumbrances.
- Documentation to substantiate all lien payoffs through this escrow.
- Copy of the new deed of trust (for subordination requests only).

LIEN RESOLUTION UNIT MS A317  
FRANCHISE TAX BOARD  
SACRAMENTO, CA 95827

For more information about liens, go to [ftb.ca.gov](http://ftb.ca.gov) and search **liens**.



California Society of Tax Consultants  
Inland Empire Chapter

c/o Hilde Morrow  
2058 N Mills Ave PMB 225  
Claremont CA 91711

#### Address Service Requested

December Educational Dinner Meeting:

December 15, 2010

Location: DoubleTree Hotel, Claremont



Happy, whatever you celebrate!

### SOCIETY CALENDAR

12/2 & 12/3/2010

Tax Bridge to 2011  
Anaheim Plaza Hotel



6/5-6/8/2011

Summer Symposium, Las Vegas, NV

We now have 4 hours California, 2 hours California Differences, and 2 hours Ethics on-line courses

Go to: [www.cstcsociety.org](http://www.cstcsociety.org) and click on the Education Button

***“2012 by 2012” (Society Benefit)***

***CSTC members in good standing***

***will receive a \$25 Society Education Voucher for each new member they bring into CSTC.***



California Society of Tax Consultants

The address for the Society Office is:

12419 Lewis, Ste 106

Garden Grove, CA 92840

Phone: 714-750-CSTC (2782)

Fax: 714-750-2722

### CONTINUING EDUCATION REQUIREMENTS ?

Twenty (20) hours of CTEC-approved continuing education (12 hours of Federal taxation, 4 hours of California taxation, 2 hours Ethics and 2 hours of either Federal and/or California). This education must be taken from a CTEC approved curriculum provider and completed by October 31 of each year. CSTC meetings and workshops are approved curriculum providers.

