

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

May 2011

PRESIDENT'S MESSAGE



Well we did it – we survived another tax season – hope yours was a very good and profitable one.

I am so excited to report that my year as your 2011 Chapter President has begun with great news. We have five new members. Please welcome Maria Barajas, Hal Burns, Theresa Franke, Francisco Medrano and Gabriel Osamor to our Chapter. At least three of the new members also plan to attend the CSTC Symposium at the Orleans Hotel in Las Vegas from June 5-8, 2011.

The second part of the exciting news is that to date we have 36 chapter members signed up and 2 staff members for the CSTC Symposium. We will be celebrating our 25th anniversary of symposium. Please consider attending, it is a great way to obtain 24 hours of continuing education with some very informative and professional speakers.

Our first dinner meeting will be held on Wednesday, May 18 at 5:30 pm at the Double Tree Hotel in Claremont (same location as last year). The speaker will be Neki McLain Jones from the Internal Revenue Service. Neki McLain Jones' main topic is "Navigating IRS.gov." She will also touch on the Return Preparer Initiative and other IRS issues of interest. Please join us.

Prepaid dinners are being offered again this year. The cost is \$195.00 for members and \$115.00 for board members. Please note the pre-pay option, which saves you \$45 over the regular price, is only available at the May 18, 2011 meeting. Don't forget your checkbooks.

Let us all participate in meeting Society's goal of 2012 members in 2012 – bring a friend that is interested in increasing their tax knowledge and thereby becoming a true tax professional.

The Board of Directors meets at 4:00 pm at the Claremont Double Tree just before our general meeting. You are invited to join us and share your ideas.

Sincerely,

Priscilla Lerma

PLerma@Teders.com



California Society of Tax Consultants
Inland Empire Chapter

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Officers

President	Priscilla Lerma
909-983-3716	
1st VP	Ann Mills
909-983-3716	
2nd VP	Clint Young
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Secretary	Jessica Vasquez
909-591-1807	
Treasurer	Randi Stern
909-597-2721	
Past President	Barbara Feliciano
909-896-1452	

Directors

Membership	Hilde Morrow
909-624-9366	
Asst Treasurer	Lan Tran-Le
909-983-3716	
General	Cookie Diamond
909-983-3716	

Newsletter

Hilde Morrow
HildeMorrow@Prodigy.net

MAY 2011 DINNER MEETING

DoubleTree Hotel Claremont

555 West Foothill Blvd

Claremont, CA 91711

Wednesday, May 18, 2011

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,
May 14, 2011, 11:59 pm



== 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

Cheese Enchiladas

Mexican Rice and Beans
Tortilla Chips and Salsa

Coffee, Ice Tea & Chef's Choice
House Dessert

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.

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, May 14, 2011, 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. Alternatively, you may call our message phone 1-888-853-9670 and leave a message.

PERMANENT DINNER LIST*

Marylou Balao
Emma Barrows
Marcia Berry
Russel Bisgaard
Phillip Brown
Mary Carlos
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 Morales
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 December 2010

The California Society of Tax Consultants was born in Southern California in 1966. Today we have 16 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.

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 2011 Workshop.
- Members who prepay for their 2011 dinner meetings, will be able to save \$45 off the total price. The pre-pay cost for all 8 meetings is \$195. The deadline to pay is May 18, 2011. No dinners will carry over to 2012 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 and win the badge drawing 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.

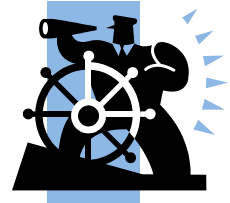
MAY 2011 SPEAKER INFORMATION

TOPIC: "Navigating IRS.gov"

Return Preparer Initiative and other IRS issues of interest

will also be touched on.

CTEC # 1000-CE-3297—2 hours Federal Credit



SPEAKER: Neki McLain Jones Sr. Stakeholder Liaison for Stakeholder Liaison Department in Communications, Liaison & Disclosure Division (CLD)



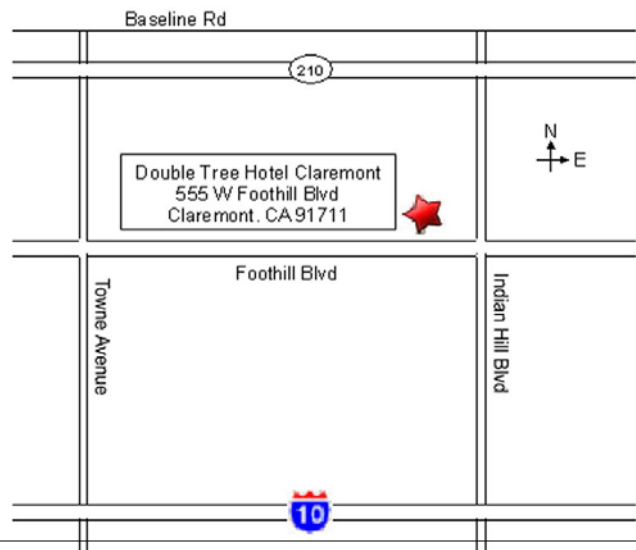
Neki McLain Jones is a CLD Division Sr. Stakeholder Liaison for Orange County, California. Neki returned last year from a temporary two-year assignment as a National Recruiter. Neki is a subject expert for Electronic Federal Tax Payment System (EFTPS) and Business e-File. As a stakeholder relationship manager, she has served as a coordinator for IRS seminars, meetings, and multi-speaker engagements. She focuses on developing educational opportunities with small business organizations in the Orange County area.

Neki began her IRS career in 1995. She has held other positions in the Taxpayer Advocate Division as a Sr. Taxpayer Advocate, and in the Exam Division as Office Auditor, Earned Income Credit Coordinator, and e-File Marketing Specialist. She has prior experience in computer report writing, bookkeeping, collections, purchasing, customer service, sales, and restaurant management.

Neki holds a Bachelor of Science degree in Small Business Management with an emphasis in Accounting from California State Polytechnic University at Pomona.

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.

This is our 2011 Meeting Location





Membership Anniversaries

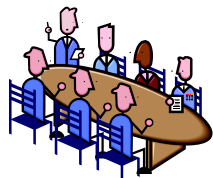


January 2011 to May 2011

Thank you for your loyalty to our Chapter!

Member	Anniversary Month
David Liem	5 years, January
Mary Ann Teders	23 years, January
Joseph Roa	9 years, February
Mark Wilson	4 years, February
Robert Adamscheck	4 years, March
Joel Carter	2 years, March
Oscar A. Moreno	2 years, March
J.M. Olchawa	5 years, March
Marcia Berry	13 years, April

Member	Anniversary Month
Ann Esquivel	3 years, May
Wayne E. Hardesty	15 years, May
Sharon Hardy	16 years, May
Joseph Hobbs	15 years, May
Don Klotz	12 years, May
Sonia Morales	1 year, May
Joel Porter	5 years, May
Lan Tran-Lee	1 year, May
Lori Vander Hooft	25 years, May
Thomas Willenborg, Sr.	22 years, May
Dee Wonders	13 years, May
Helen P. Young	2 years, May



2011 BOARD OF DIRECTORS

- President Priscilla Lerma
- 1st VP Ann Mills
- 2nd VP Clint Young
- Secretary Jessica Vasquez
- Treasurer Randi Stern
- Past President Barbara Feliciano
- Membership Hilde Morrow
- Newsletter Hilde Morrow
- Asst. Treasurer Lan Tran-Lee
- Member at Large Cookie Diamond



Back Row left to right: Cookie Diamond, Jessica Vasquez, Ann Mills, Hilde Morrow, Priscilla Lerma, Barbara Feliciano
 Front Row left to right: Lan Tran-Lee, Randi Stern, Clint Young

Note: Contact information for Board Members can be found on page 1.

Please welcome our newest members!



- Maria Barajas of Pomona
- Hal Burns of Norco
- Theresa Franke of Upland
- Francisco Medrano of Pomona
- Gabriel Osamor of Ontario

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

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.



MEET OUR NEWEST ENROLLED AGENT

Jackie Stickels

Jackie passed the last of the 3 exams in December 2010



MEMBER NEWS



Our long time member Cecilia "Ceci" Rauch died on February 21, 2011. She is survived by her husband, Dudley Rauch and her daughter and family. A card was sent from our Chapter and many of our members attended the Memorial Service for her on March 12, 2011.

Ceci served on our Board of Directors in the late 90. She was President of our Chapter in 2000, then known as ISCT San Bernardino Chapter. Like most of us, Ceci enjoyed seeing her tax clients year after year and helping them with their tax problems. She was also a big help to other tax preparers giving advice and guidance with complicated tax issues. She will be missed by all.

The following is an excerpt from her obituary:

Ceci was one of 7 women who were admitted to the Harvard Business School the first year women were allowed to attend full time.

She began her career in Los Angeles working for The Times Mirror Company and was focused on corporate planning of its non-newspaper businesses. In 1977 she became an Enrolled Agent, specializing in personal, estate and trust returns. She was an associate for Teders Bookkeeping and Tax Service for a number of years.

Ceci volunteered for many organizations, Mount San Antonio Gardens, Claremont United Church of Christ, and Board Member for The Thacher School in Ojai. She was a member in many charitable organizations, including the National Committee of Performing Arts, the Los Angeles Philharmonic and Recording for the Blind.

MORE SAD NEWS!

Just a few days ago, I received an Email from Mary Carlos. Mary lost her husband Joe in the middle of tax season, on March 4th 2011. Our sincere sympathy to Mary and her family. Our thoughts are with her.

2011 Dinner Meeting Calendar

May 18, 2011 "Navigating IRS.gov"	June 15, 2011	July 20, 2011
August 17, 2011	September 21, 2011	October 19, 2011
November 16, 2011	December 21, 2011	



Note: Topics and Speakers for June through December are not available at this time.

**NEWS FROM THE TAX FRONT****IRS Begins Enforcement of New Return Preparer Rules**

WASHINGTON — The Internal Revenue Service is taking steps to stop tax preparers with criminal tax convictions or permanent injunctions from preparing tax returns. This is just one of several recent moves to improve the quality and oversight of the tax preparation industry.

More than 700,000 tax preparers nationwide have registered with the IRS and obtained Preparer Tax Identification Numbers (PTINs). This nine-digit number must be used by paid tax return preparers on all returns or claims for refund. Paid preparers must renew their PTINs annually to legally prepare tax returns.

“We owe it to all taxpayers and the many honest tax return preparers to remove the relatively small number of bad actors from the tax preparation industry,” said Doug Shulman, IRS Commissioner. “Just one unscrupulous tax return preparer can cause a lot of financial damage to both taxpayers and the tax system.”

By comparing the new PTINs with a database managed by the IRS’ Office of Professional Responsibility, the IRS was able to identify 19 tax preparers who applied for PTINs and either failed to disclose a criminal tax conviction or have been permanently enjoined from preparing tax returns. A permanent injunction is a court order used by the Department of Justice to stop a preparer who repeatedly prepares erroneous or fraudulent federal tax returns.

The IRS has sent letters to all 19 individuals proposing revocation of their PTINs. Preparers facing revocation have 20 days to file a written response and provide supporting documentation as to why their PTIN should not be revoked.

With the end of the tax filing season, the IRS also will initiate a review of tax returns that were prepared by a preparer who used an identifying number other than a PTIN, did not use any identifying number, or did not sign tax returns they prepared. The agency will send notices to those preparers who used improper identifying numbers. The IRS is also piloting methods to help identify returns that appear to be professionally prepared but are unsigned by the preparer.

“Hundreds of thousands of tax return preparers, the vast majority, play by the rules every filing season. The IRS is committed to ensuring they have a level playing field,” Shulman said. “Compliance with regulations that require the signing of a tax return by a paid preparer and use of the PTIN is central to our enforcement effort.”

The IRS is still registering approximately 2,000 preparers a week. Anyone who prepares for compensation all or substantially all of any federal return or claim for refund must register for a PTIN and pay a \$64.25 annual fee.

The PTIN registration is the first step in a multi-year effort by the IRS to provide standards for and oversight of the tax preparation industry. Starting this fall, certain paid preparers will be required to pass a new competency test. The IRS will also conduct background checks on certain paid preparers. Additionally, expected to start in 2012, certain paid preparers must have 15 hours of continuing education annually.

Certified public accountants, attorneys and enrolled agents are exempt from the competency testing and continuing education requirements because of similar professional standards already applicable to those groups. Supervised employees of these exempt groups also are generally exempt.

For more information see the [PTIN registration page](#) on this website.

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.



IRS Statement regarding: Selection of Vendors for Return Preparer Testing and Fingerprinting Programs

The Internal Revenue Service has selected Prometric, Inc. as the vendor to administer a new competency examination and fingerprinting program for certain paid tax return preparers. The IRS has also selected Daon Trusted Identity Services as a vendor to offer fingerprinting services.

The testing and suitability checks are two components of the second phase of increased IRS oversight of federal tax return preparers, as outlined in the Return Preparer Review issued on Jan. 4, 2010. Mandatory registration and issuance of Preparer Tax Identification Numbers (PTINs) was the first phase which began in Sept. 2010.

The testing vendor will administer the testing program. The vendor will be responsible for conducting a job analysis using subject matter experts from both the IRS and preparer community to ascertain the capabilities and necessary knowledge for return preparers. Once a test plan is approved, the IRS will make test specifications available to assist individuals in preparation for the examination. The IRS will have final approval of all test questions.

The fingerprinting vendor will assist the IRS in evaluating the background and suitability of certain PTIN applicants, but the IRS will make all determinations regarding suitability issues.



Ask the Advocate

Taxpayers' Concerns after Filing Their Tax Returns



Steve Sims

As the end of filing season approaches, taxpayers contact us with questions or concerns they have after filing their tax return. Here is some information that can help you answer those questions or concerns too.

You filed a paper return for your clients and they forgot to sign the return.

We attempt to process the return with the information available to us. If we are unable to complete processing, which can take up to eight weeks, we will request additional information.

Your client receives a W-2 after filing their return. If your client receives a Form W-2 after filing the tax return, complete form [FTB 3525](#), Substitute Withholding Statement. Also, if the information differs from the information reported on the tax return, your client will need to amend the tax return by filing [Form 540X](#), Amended Individual Income Tax Return.

When can my client expect their refund?

e-file - Refunds from e-file returns are usually issued within seven to ten business days from the date the return is accepted. Your client can also request to have the refund directly deposited into a bank account usually within five to seven business days.

Paper returns - Direct deposit of refunds for paper returns are deposited in six to eight weeks about the same time it takes to issue a paper warrant.

How can my client check their refund status?

Your client can check the [status of their current year refunds](#) online or by calling 800.852.5711. This service is also available in Spanish.

Your client lost their refund check.

Your client can call 800.852.5711 and we will put a trace on the refund check.

Does a refund check expire?

Yes. A refund check, also known as a refund warrant is valid for one year from the issue date. The warrant is considered out dated after these periods have elapsed. An out dated warrant is not negotiable, but the taxpayer may request a replacement check.

Continued from page 8

My client sent the check without the payment voucher.

We will cross reference and accept the check, but if this is the first time the taxpayer is filing the tax return, we might need to contact the taxpayer.

My client cannot pay what is owed on the tax return.

If your client is unable to pay the tax owed in full, the taxpayer can make a request for monthly payments. However, interest accrues and an underpayment penalty may be charged on the tax not paid by April 15, 2011, even if the request for monthly payments is approved. To make monthly payments, complete form [FTB 3567](#), Installment Agreement Request, online or mail it to the address on the form.

My client has an underpayment penalty, but did not know how to calculate the amount. The penalty is five percent of the unpaid tax plus 0.5 percent for each month or part of a month that the tax remains unpaid not to exceed 40 months. The maximum penalty is 25 percent of the unpaid tax. The penalty is imposed regardless of an extension of time to file.

My client is due a refund for this year, but has a balance due from a prior year or a nontax debt being collected by FTB; will my client get the refund?

No. All refunds are subject to intercept. Refunds from joint returns may be applied to the debts of either the taxpayer or spouse.

My client is currently on an installment agreement (IA) for taxes due from a prior year and owes again for 2010. What will happen with the IA? Can my client get a second IA?

No. If the additional liability causes the current installment agreement to drop out of criteria, they will receive an intent-to-cancel notice. The taxpayer has 45 days to call us to modify the installment agreement, or the installment agreement will automatically cancel.

Steve Sims, EA
Taxpayers' Rights Advocate



California Conforms to Federal Health Care Coverage

On April 7, 2011, California state law conformed to federal law that excludes from provides a new category of excludable or deductible medical care expenses for a child who has not attained age 27 as of the end of the taxable year.

The federal health care Acts of 2010 made numerous changes to the health care system. One provision that became effective in 2010 requires group health plans and health insurance issuers that offer group or individual health insurance coverage, and that provide dependent coverage of children, to extend that coverage to children under age 27. For federal law, these benefits are excludable.

AB 36 adopts only this specific provision of federal health care Acts. It is effective immediately and applies to taxpayers filing their 2010 tax returns due April 18, 2011.

Taxpayers whose Form W-2 includes the amount of medical coverage for children under age 27 in California wages, should request that their employer issue Form W-2C excluding the amount from California wages. If this is not possible, taxpayers can use form [FTB 3525](#) as a substitute for Form W-2C. Taxpayers should use the corrected wage form to file their state tax return to exclude from taxable income the value of this employer-provided medical coverage.

Self-employed individuals may deduct the health insurance premium paid for children under age 27. No adjustment from the federal tax return is needed.

Taxpayers who have already filed their 2010 state tax return reporting the amount of medical coverage for their children under age 27 in their California wages, should file a [Form 540X](#), Amended Individual Tax Return, to exclude this income and claim a refund. The same applies for self-employed individuals who reported a California adjustment including the health insurance premium paid for children under age 27.



California Society of Tax Consultants
Inland Empire Chapter

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

Address Service Requested

May 2011 Educational Dinner Meeting:
May 18, 2011
Location: DoubleTree Hotel, Claremont

2011 SOCIETY CALENDAR

5/13-14	Society Board Meeting
6/5-8	25th Summer Symposium, Las Vegas, NV
6/9	Leadership Workshop, Las Vegas, NV
7/18	Society Board Meeting
9/19	Society Board Meeting
11/7	Society Board Meeting
12/1-2	Tax Bridge, Anaheim, CA

“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.

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

Go to: www.cstcsociety.org and click on the Education Button



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.

