

President's Message

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January, 2010

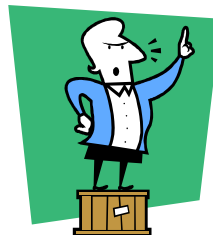
Here we are in 2010 already, the last year of the first decade of the 21st Century. Can you believe it? It doesn't seem that long ago that we were worried about Y2K and worldwide computer crashing chaos. Now, a decade later, we are worried about global warming, environmental disaster, global financial collapse, the H1N1 Flu Pandemic, terrorism, the American Recovery and Reinvestment Act of 2009, and the end of the world as we know it in 2012...or not. Like Y2K, the current list of pending disasters presents an opportunity to solve challenging problems. Big problems can usually be broken down into smaller ones which are easier to solve. As tax professionals, the primary challenges we will face during the 2010 tax season will be: 1) adapting to the tax law changes due to the 2009 ARRA and other legislation passed since late 2008; and 2) handling more returns than usual dealing with foreclosures and cancelled debt. Rather than being overwhelmed by the increased complexity of preparing these returns, we can simply work through them a little more carefully and deliberately, and, we can take advantage of the expertise of our colleagues at CSTC. Some of our members will have more experience and/or training, with these issues, than others and will be glad to offer their assistance. However, we should be mindful of our colleagues' busy schedules during tax season and ask our questions via email so as to allow them to respond when it is most convenient for them to do so. This is one of the great benefits of CSTC membership, which brings up another challenge...2012...no not the end of the world...CSTC's goal of "2012 by 2012". That's 2012 members by the year 2012. This means we have to double our membership within the next two years...(hard), or, each existing member must bring in one new member during the same period...(easy). Happy New Year!

Speaking of challenges...last month, Linda Morlang once again hosted our chapter's Holiday Party at her home. Those who attended reported that it was a nice cozy celebration of the holidays with plenty of good food and lots of fun. There was a raffle for gifts and prizes and many brought gifts for the women's shelter as well. Thank you once again Linda for inviting us into your home to celebrate the holidays. Thanks also to those who helped Linda with the preparations and clean-up.

This month, our dinner meeting will include the installation of officers and directors of the OC BOD, and our practice management topic will be a round table forum, open to all in attendance, on cost cutting measures that members have taken to get through these tough economic times. We will also hear from Fred Saah about the benefits and planning opportunities for converting Traditional IRA's to Roth IRA's in 2010.

Also, a reminder that we have one more educational opportunity, before tax season starts, with our chapter's "Quickfinder Workshop" which will be held on January 8, 2010 at the Phoenix Club Pavilion, in Anaheim.

Respectfully Submitted,
Rick L. Jenkins, President Orange County Chapter CSTC



**Roundtable Discussion:
Cost Cutting Strategies**
Lead by Michael Mergen

Plus

**How To Sail into Retirement
Tax Free:
The Year of The Roth IRA 2010**

SPEAKER: Fred Saah, EA

Fred M. Saah established his Financial Services Practice in 1994, specializing in the areas of investments, insurance and tax preparation. Mr. Saah has helped individuals, families and businesses develop a financial building and wealth preservation strategy for their respective estates.

Fred received his advanced degree in International Business from the Graduate School of International Management located in Phoenix, AZ, and Bachelor of Science degree in Marketing from the University of Dayton in Ohio.

In addition, Fred received his Taxation and Financial Planning designation **CTFP** in 1994, as well as his Estate Planning Consultant professional designation **GEPC** in the year 2002.

Mr. Saah is a Board member of the *California Society of Tax Consultants*; Board Director of Anaheim YMCA, Past President, Treasurer, Board Member and Charter member of the *Kiwanis Service Club of Santa Fe Springs*. I have served on both the Board of Directors and Trustees of the *Downtown San Diego Host Lions Club* and served a three year term as Treasurer of the *YMCA Father/Daughter Indian Princess Program*.

Fred and his wife Lee reside in Yorba Linda, CA, with their daughter, Ashley.

CTEC: **1000-CE-2930** Hours: 1 Federal

This presentation, if qualified, has been designed to meet the requirement 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 Regulation 10.6(g).

This does not constitute an endorsement by these groups. A listing of additional requirement to renew tax preparer registration may be obtained by contacting CTEC at PO Box 2890, Sacramento, CA 95812-2890, phone CTEC at 916-492-0457 or on the Internet at www.ctec.org



On the Web

Additional information about the Orange County Chapter can be found on the web.

For up-to-date information on continuing education, seminars, chapter meetings, this newsletter and more, please visit our website at www.cstcsociety.org

Upcoming Events

TAX SEASON BRUNCHES

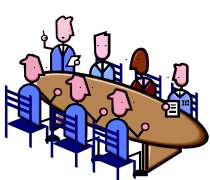
We will have three Sunday brunches this tax season to share our general and specific tax problems and software issues (and solution). Bring your appetite and camaraderie for a lively roundtable discussion. Each person to order what they wish individually from the menu *Mimi's Cafe* @ 17231 E. 17th Street, Tustin, CA (17th at the 55 Freeway)

Sunday, February 7 at 10 am (1 hour federal CPE)
Sunday, February 28 at 10 am (1 hour federal CPE)
Sunday, March 21 at 10 am (1 hour federal CPE)

No RSVP required. Info: ANTHONY BUSTOS, EA (714) 573-0403 or MIKE MERGEN (714) 714-417-1834

South Orange County Monthly Meeting:

We will have a roundtable discussion with Tax Practice Cost Cutting as the topic. The meeting is at 5:30PM Tuesday, January 26th at the Marie Callender's located at 31791 Del Obispo Str, San Juan Capistrano. The cost is \$29 for members with reservations and \$34 at the door and for non-members. For reservations, please contact Ms. Haydee Robinson at (949) 361-9373. Members: wear your name badge and be eligible to win a Marie Callender's pie.



2009 Board of Directors

President	Rick Jenkins	562-906-1441
Vice President	Sasi Batalon	714-894-1044
Secretary	Barbara Eidlhuber	714-750-2782
Treasurer	Linda Morlang	714-528-4290
Past President	Michael Mergen	714-417-1834
Director	Cynthia Conrad	949-622-0162
Director/Newsletter	Sondra Cates	714-595-0784
Director	Rosemary Garrido	714-974-7044
Director	Ray Mew	714-572-3650
Director	Daniel Palacios	714-697-2951
Director	Fred Saah	714-879-9880 ext 105

"2012 by 2012" Society Membership Drive

CSTC is offering a \$25 Education Voucher for any member, in good standing, who brings in a new member (for each new member).



New Members

Flora Aguiar
 Robert L Harrison
 Gordon Jackson
 Eduardo Orue
 Pouria Safabakhsh

Anna Cabrera
 Denise Hunter
 Gitonga Kanampiu
 Marti Rogna
 Robert Schumann



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 (714) 289-0047

Society Address

12419 Lewis Street, Suite 106
 Garden Gove, CA 92840
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 Fax (714) 750-2722

CSTC Mission Statement

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

The chapter newsletter is designed to provide accurate and authoritative information about the subject matter covered. It is provided with the understanding that the publisher is not engaged in giving legal, accounting or other professional service. If legal advice or other expert help is required, the services of a competent professional person should be sought. Statement of fact and opinion are made on the responsibility of the authors alone. They do not imply an opinion on the part of the officers or members of the California Society of Tax Consultants, Inc.

CSTC Logo

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.

Dinner "no-shows"

All no-shows of reservations will be billed back to you if not cancelled by the call-in date. Fred will be keeping track if you make a reservation, or are on the permanent list, and do not cancel your dinner reservation. The Embassy Suites charges us for all meals whether you show up or not. Unforeseen circumstances are always taken into consideration on a case by case basis.

Bulletin Board

There is a bulletin board available to CSTC members at the CSTC website - www.cstcsociety.org.



Happy New Year

IRS—NEW SCHEDULE L

Standard Deduction for Certain Filers

There is a NEW Schedule L for 2009 to report the standard deduction for filers who also have any of the following:

- State or local real estate taxes you paid in 2009
- A net disaster loss you report on Form 4684, line 18 (Form 1040 filers only).
- State or local sales or excise taxes (or certain other taxes or fees in a state without a sales tax) paid after February 16, 2009, for the purchase of any new motor vehicle(s).

For the states with no sales tax there may be charges or other fees or taxes on the purchase of a new motor vehicle in one of the six states that is similar to a sales tax. The fees or taxes that qualify must be assessed on the purchase of the vehicle and must be based on the vehicle's sales price or as a per unit fee. You can include these fees or taxes. Please see the instructions for more information & instructions.

FTB NEWS:

Military Spouses Residency Relief Act

Posted: November 19, 2009

The Military Spouses Residency Relief Act (MSRRA) (Public Law 111-97) was signed into law on November 11, 2009 and may affect the California income tax filing requirements for spouses of military personnel. This new law is effective for taxable years 2009 and after. The MSRRA allows the same residency benefits permitted to military personnel under the Servicemembers Civil Relief Act (SCRA) to also apply to a military spouse's non-military service income, under certain circumstances.

Posted: December 8, 2009

[Qualified nonresident military spouses may be entitled to a California state income tax refund for 2009](#)

Posted: December 18, 2009

The [Publication 1032](#) is now available. This publication contains important information regarding nonresident military spouses covered under the MSRRA.

Sacramento — The Franchise Tax Board (FTB) today announced that a new federal law exempts some civilian spouses' income from state income tax.

The newly-signed Military Spouses Residency Relief Act exempts personal service income and wages earned by taxpayers who reside with their military spouses. The couple must have relocated to California under military orders for the income to be exempt from California taxes. They must also share the same "domicile" or true home outside California where they intend to return and locate permanently.

The act does not exempt nonmilitary income of military personnel. States cannot tax any military pay of nonresident military personnel.

The new law applies to all of calendar year 2009, allowing refunds of any taxes withheld this year on the now exempt income. The refund form, FTB Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, will be available from FTB in January 2010.

For future tax purposes, the Employment Development Department advises qualified taxpayers to submit new payroll withholding forms to prevent California tax withholding on future income.

FTB is updating its Publication 1032, Tax Information for Military Personnel, with guidelines on the new federal law. The publication will be available in mid-December online at ftb.ca.gov, at military bases, and at all [FTB field offices](#).

For military families who want help completing their tax forms, the Military Volunteer Income Tax Assistance Program (Military VITA) offers free tax help at many bases starting February 1. For information on VITA locations, visit FTB's website after February 1 or contact a Judge Advocate General's (JAG) office.

For more information on other taxes and fees in California, visit www.taxes.ca.gov.

First-Time Homebuyer Credit Extended to April 30, 2010; Some Current Homeowners Now Also Qualify

WASHINGTON — A new law that went into effect Nov. 6 extends the first-time homebuyer credit five months and expands the eligibility requirements for purchasers.

The Worker, Homeownership, and Business Assistance Act of 2009 extends the deadline for qualifying home purchases from Nov. 30, 2009, to April 30, 2010. Additionally, if a buyer enters into a binding contract by April 30, 2010, the buyer has until June 30, 2010, to settle on the purchase.

The maximum credit amount remains at \$8,000 for a first-time homebuyer — that is, a buyer who has not owned a primary residence during the three years up to the date of purchase. But the new law also provides a “long-time resident” credit of up to \$6,500 to others who do not qualify as “first-time homebuyers.” To qualify this way, a buyer must have owned and used the same home as a principal or primary residence for at least five consecutive years of the eight-year period ending on the date of purchase of a new home as a primary residence. For all qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 tax returns. A new version of Form 5405, First-Time Homebuyer Credit, will be available in the next few weeks. A taxpayer who purchases a home after Nov. 6 must use this new version of the form to claim the credit. Likewise, taxpayers claiming the credit on their 2009 returns, no matter when the house was purchased, must also use the new version of Form 5405. Taxpayers who claim the credit on their 2009 tax return will not be able to file electronically but instead will need to file a paper return.

A taxpayer who purchased a home on or before Nov. 6 and chooses to claim the credit on an original or amended 2008 return may continue to use the current version of Form 5405.

Income Limits Rise

The new law raises the income limits for people who purchase homes after Nov. 6. The full credit will be available to taxpayers with modified adjusted gross incomes (MAGI) up to \$125,000, or \$225,000 for joint filers. Those with MAGI between \$125,000 and \$145,000, or \$225,000 and \$245,000 for joint filers, are eligible for a reduced credit. Those with higher incomes do not qualify.

For homes purchased prior to Nov. 7, 2009, existing MAGI limits remain in place. The full credit is available to taxpayers with MAGI up to \$75,000, or \$150,000 for joint filers. Those with MAGI between \$75,000 and \$95,000, or \$150,000 and \$170,000 for joint filers, are eligible for a reduced credit. Those with higher incomes do not qualify.

New Requirements

Several new restrictions on purchases that occur after Nov. 6 go into effect with the new law:

- Dependents are not eligible to claim the credit.
- No credit is available if the purchase price of a home is more than \$800,000.

- A purchaser must be at least 18 years of age on the date of purchase.

For Members of the Military

Members of the Armed Forces and certain federal employees serving outside the U.S. have an extra year to buy a principal residence in the U.S. and still qualify for the credit. An eligible taxpayer must buy or enter into a binding contract to buy a home by April 30, 2011, and settle on the purchase by June 30, 2011.

For more details on the credit, visit the [First-Time Homebuyer Credit page](#) on [IRS.gov](#).

IRS Issues Proposed Regulations on New Basis Reporting Requirement

WASHINGTON — The Internal Revenue Service today issued proposed regulations under a new law that will require reporting of basis and other information by stock brokers and mutual fund companies for most stock purchased in 2011 and all stock purchased in 2012 and later years. The reporting will be to investors and the IRS. This additional reporting will be optional for stock purchased prior to these dates.

“This important reporting change will improve tax compliance while reducing the recordkeeping and paperwork burden for millions of investors,” said IRS Commissioner Doug Shulman. “These taxpayers will now receive the information they need to more easily report their gains and losses correctly.”

These proposed regulations, posted today on the Federal Register, implement a provision in the Energy Improvement and Extension Act of 2008. Among other things, the proposed regulations describe who is subject to this reporting requirement, which transactions are reportable and what information needs to be reported. They also provide numerous examples.

The IRS also released for comment a [draft version of the 2011 Form 1099-B](#), Proceeds from Broker and Barter Exchange Transactions, that stock brokers and mutual fund companies will use to make these expanded year-end reports. Form 1099-B, long used to report sales prices, will be expanded in 2011 to include the cost or other basis of stock and mutual fund shares sold or exchanged during the year. The expanded form will also be used to report whether gain or loss realized on these transactions is long-term (held more than one year) or short-term (held one year or less), a key factor affecting the tax treatment of gain or loss. The expanded Form 1099-B, to be first used for calendar-year 2011 sales, must be filed with the IRS and furnished to investors in early 2012.

The IRS welcomes comments on these proposed regulations and the draft 2011 Form 1099-B. Comments must be received by Feb. 8, 2010, and may be submitted electronically, by mail or hand delivered to the IRS. A public hearing is scheduled for Feb. 17, 2010, at the IRS New Carrollton Federal Building, 5000 Ellin Road, Lanham, Maryland 20706. The proposed regulations provide details on submitting comments or participating in the public hearing.

The IRS will work closely with stakeholder groups to ensure a smooth implementation of this new program.



Calendar of Events

MONTHLY DINNER MEETING - SECOND WEDNESDAY

PLACE: 1340 S. SANDERSON AVE, ANA-

HEIM, CA 92806

COST: \$33 FOR MEMBERS WITH ADVANCE RESERVATIONS

\$40 FOR MEMBERS AT THE DOOR, STAFF/SPOUSE

\$45 GUESTS

OC BOARD OF DIRECTORS MEETING 4:30 PM

TIME: REGISTRATION 5:30 PM

DINNER 6:00 PM

SPEAKER 7:00 - 7:50 PM

BREAK 7:50 - 8:00 PM

SPEAKER 8:00 - 8:50 PM

Excellent Speakers & Topics for Continuing Professional Education Credits for CTEC, CPA's & EA's

UPCOMING EVENTS:

Tax Season Brunches February 7th, February 28th & March 21th

Society Events

South OC Meeting January 26th

Society Board Meeting—January 26

OTHER CHAPTER MEETINGS . . .

Greater Long Beach

Last Wednesday monthly

Call Shirley Blanton 562-433-3420

Los Angeles

1st Tuesday monthly

Call John Caven 818-842-5193

South Orange County

4th Tuesday monthly

Call Haydee Robinson

1-949-361-9373

DINNER RESERVATION

Please reserve _____ place(s) for the dinner meeting of the Orange County CSTC on Wednesday, January 13th

All reservations must be received by noon FRIDAY, January 8th or please call by Thursday pm January 7th.

Name: _____

Enclosed is my check payable to CSTC for \$ _____.

Advance Registration \$33 members only. Members at the door and Staff/Spouse \$40. \$45 non-members

BUFFET: Garden Salad, Sliced Seasonal Fruit, Caesar Salad

Chef Choice Fish, Chicken Marsala

Rice Pilaf, Green Beans Almondine

Cheesecake, Black Forest Cake

Buffet will include hot rolls/bread & butter, coffee (decaf/reg/ hot or Iced Tea)

MAIL TO: **Fred M. Saah**

2501 E Chapman Ave Ste 140

Fullerton CA 92831-5419

(714) 879-9880 ext 105

Fax 714-879-0710 e-mail fsaah1129@aol.com

Name: _____

Address: _____

City, ST, Zip. _____

Registration Number: TPP _____ EA _____ Other _____

Name(s): _____ Affiliation: _____

Guests Name

RESERVATIONS: Notify **FRED SAAH** if you wish to be on the permanent list for the year. Remember that if you are on the permanent list, you must still pay unless you notify at least one day before the missed meeting. Your reservation and payment must reach FRED by noon the Friday before the Wednesday meeting. Members not making reservations will pay \$40 at the door. Guests pay \$40. All reservations (permanent or not) that are no shows will receive a bill for the missed meeting. (A paid missed meeting does not qualify as a meeting for the free RIA books.) You must cancel by the Tuesday before the Wednesday meeting.



CSTC Orange County Chapter
 1154 E YORBA LINDA BLVD
 PLACENTIA, CA 92886

15 CHAPTERS STATEWIDE

**OUR
 NEXT
 MEETING:
 Wednesday
 January 13th**

TO:

Directions to The Phoenix Club...

Conveniently located off the 57 & 5 Freeways

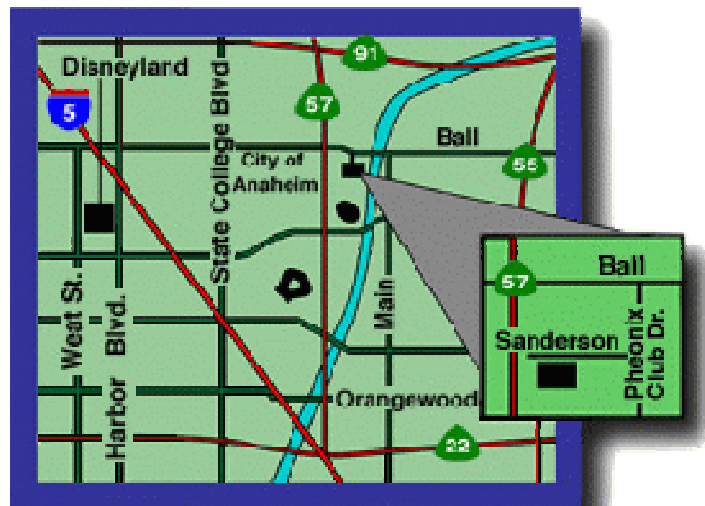
5 Southbound exit Ball Road and follow Ball Road east to Phoenix Club Drive, follow the directions below or...

5 Southbound & Northbound exit to 57 Freeway Northbound then follow directions once on 57 Freeway Northbound

57 Freeway Northbound exit Ball Road, turn right onto Ball Road and drive east to the first signal, which is Phoenix Club Drive then...

57 Freeway Southbound exit Ball Road, turn left onto Ball Road and drive east to the first signal, which is Phoenix Club Drive then...

Turn right onto Phoenix Club Drive. Drive past the auto dealers to the second street on the right, Sanderson Avenue. Turn right onto Sanderson Ave, The Phoenix Club is at the end of the street on the left side.



**Monthly Meeting
 Location:
 The Phoenix Club
 Anaheim, CA**