

President's Message

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May, 2010

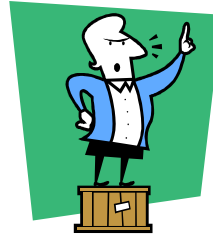
Well we survived another tax season. I don't know about you, but this year I met with more clients who were unemployed, or were going through foreclosure on income or investment property, than I ever have since I've been preparing taxes. This is a clear sign of how these tough economic times are affecting folks all over. On top of that, we can't even get through the tax season without major legislation being passed that will affect tax law in the near future. I'm speaking of the "Patient Protection and Affordable Care Act" and the "Health Care and Education Reconciliation Act" of 2010. As if we did not have enough on our plates trying to keep up with all of the other tax law changes in the last couple of years. Thankfully, as members of CSTC, we will be sure to get plenty of educational opportunities to learn all about the various ways that this legislation will affect how we prepare income tax returns. Please look for such opportunities in upcoming newsletters and announcements.

And now for something completely different...here's a little something that I must share with you. I recently had an opportunity to attend a live L.A. Times interview of a person with significant celebrity status. I invited...er huh...persuaded my daughter, Grace, to come with me as I thought that she might enjoy hearing this person share his life story and get a chance to meet him at the book signing that followed. Grace was bored stiff throughout most of the interview, but perked up when the gentleman talked about being a contestant on "Dancing with the Stars". Now she remembered seeing him on television and was excited for the chance to meet him and have him autograph our books, and was even willing to stand in a very long line with me to do this. So who is this man, whose greatest claim to fame, as far as Grace is concerned, is that he appeared on a television dance contest? He is none other than Apollo 11 astronaut, Buzz Aldrin, the second man, one of twelve in the world, to stand on the lunar surface, leaving footprints for millennia. Kids today...go figure!

This month, in keeping with Society's "We Care Enough to Share" program, our dinner meeting will be a round table forum about the toughest tax issues that you faced during this past tax season. So bring your questions, issues, or solutions to the meeting for discussion so that we can all learn from them.

Also, just a reminder that the upcoming CSTC Summer Symposium will be held in Reno, NV the first week of June. There are lots of good speakers and topics scheduled, which should include something of interest for all of our members. Brochures will be available at the dinner meeting.

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



Roundtable Discussion:

TAX SEASON – BACK TO THE FUTURE

Our May meeting takes us back to what seems like oh – just two or three weeks ago. Yes while our craniums are still num from the trauma, let's go back and have a round table discussion on the recently completed tax season.

All in attendance will have an opportunity to share with the group a situation they encountered from tax season. With all of the new forms and tax changes that were thrown at us this year, did something stand out that you feel is noteworthy? Any home runs, any strike outs? Did you have to fill-out a form, or prepare a state, new to you?

A big advantage groups like our have versus getting CPE from staring at a computer screen, is the ability to get together to share with others on what went wrong, what went right, what could go better, and that is what we would like to offer to everyone at our next meeting. This meeting will be similar to what we do at our tax season Sunday brunches, and should be a treat for those who have not had the opportunity to attend one in the past.

All participants are encouraged to bring copies, for the group, of any or all of the following that might help make your case: 1) a typed summary of the situation, 2) filled-out form(s), 3) page(s) from a pub, etc.

Let's hope someone remembers to bring a QuickFinder

CTEC: [1000-CE-3002](tel:1000-CE-3002) Hours: 2 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

24th SUMMER TAX SYMPOSIUM 2010

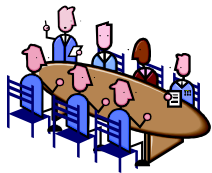
In Reno, NV
 June 6, 7, 8 & 9, 2010
 CRTP, EA, & CPA,
 Up to: 24 Fed Hrs 10 Ca Hrs

You can obtain a flyer with a registration form from your local meeting or contact the CSTC Society office for more information at:

Email: cstcsociety@sbcglobal.net
 Tel (714) 750-2782
 Fax (714) 750-2722

South Orange County Monthly Meeting:

We will have a roundtable discussion "Review of 2010 Tax Season" as the topic. The meeting is at 5:30PM Tuesday, May 25th 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.



2010 Board of Directors

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"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
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PAM DUNN
 (714) 289-0047

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12419 Lewis Street, Suite 106
 Garden Gove, CA 92840
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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.

IRS Continues to Increase Oversight of Tax Return Preparers to Improve Compliance, Taxpayer Service

The IRS said it has conducted more than 5,000 field visits to tax return preparers this fiscal year. In addition, the IRS has worked with the Department of Justice to pursue questionable return preparers, an effort that has led to 56 indictments, 25 convictions and 21 civil injunctions since Jan. 1, 2010.

“We are working to help ensure taxpayers receive competent and ethical service from qualified tax professionals,” said IRS Commissioner Doug Shulman. “Our efforts this tax season are part of a longer-term effort to improve the oversight of this critical part of the tax system. The vast majority of tax return preparers provide solid service, but we need to do more to protect taxpayers.”

The IRS has worked closely with the Justice Department this tax season to increase legal actions against unscrupulous tax return preparers, obtaining 21 civil injunctions, 56 indictments and 25 convictions of return preparers so far in 2010. More information is available at the [IRS Civil and Criminal Actions](#) page on [irs.gov](#), and at the Department of Justice [Tax Division](#) page on [DOJ.gov](#).

“The IRS appreciates the strong support of the Justice Department for its efforts to pursue and shut down bad actors in the tax return industry,” Shulman said. “This effort makes a real difference for the nation’s taxpayers and helps protect the many tax professionals who play by the rules.”

“While the majority of return preparers provide excellent service to their clients, a few unscrupulous tax preparers file false and fraudulent returns to defraud the government and the tax-paying public. Those actions are illegal, and can result in substantial civil penalties as well as criminal prosecution, for both the return preparers and their customers who knew or should have known better. Taxpayers should choose carefully when hiring a tax preparer,” said John A. DiCicco, Acting Assistant Attorney General of the Justice Department’s Tax Division.

Future Efforts

The IRS has recently begun to implement a number of steps to increase oversight of federal tax return preparers. This includes proposed regulations that would require paid tax return preparers to obtain and use a preparer tax identification number (PTIN). Later this year, the IRS will propose additional regulations requiring competency tests and continuing professional education for paid tax return preparers who are not attorneys, certified public accountants and enrolled agents.

This is a synopsis of the article. More information is available on IRS.gov, including [IRS Fact Sheet 2010-03](#),

Toward a (More) Paperless Tax Practice (Not just for CPAs and Large Firms)

Nearly all CPA firms prepare tax returns electronically. However, many still also use some old-fashioned methods, such as sending out tax organizers manually. Here are tips to more fully realize what it means to go paperless.

First, understand and share the goal: A more efficient, digital tax process can help firms provide a better work/life balance for employees, giving them more control over when, where and how they work. Empowering employees to work more productively can also yield marked improvements in retention, client service and profitability.

Converting to electronic versions of all major tax practice functions may not seem substantially different from what your firm is doing now. However, the real savings are in time not spent deciphering handwriting, searching for files, determining the status of a return at any given time, and responding to staff and client questions at various stages.

Take inventory of all your existing technology investments. Most firms have already made some investments—tax software, Adobe Acrobat Pro, e-mail, mobile devices, etc. Next, catalog all your existing procedures, documenting how your firm uses its current technology investments.

In addition to your tools of the trade (tax and workpaper software), which products your firm invests in will vary according to the firm’s size and budget, existing technology investments, project plan and goals, and short- and long-term needs. Essential elements of a digital tax practice include:

Scanner. Options and prices vary widely; a basic, reliable scanner will get you started, and you can upgrade from there (see [“Don’t Skimp on Scanners,”](#) JofA, Dec. 09, page 25).

Dual monitors. Good quality flat-screen monitors are fairly inexpensive and are essential to working digitally. You may even decide you need triple monitors after your first digital season.

Workflow management system. In its most basic form, this is a mechanism for moving work from person to person in a digital environment. It should also encompass tracking, due date monitoring, reporting and individual and practice-wide work management (see [“Improve Tax Tracking With Automated Workflow,”](#) JofA, Feb. 10, page 18). The underlying workflow in most digital tax practices is:

Scan incoming client documents and file them digitally.
Move responsibility using workflow software from receipt of source documents through preparation and shipping or e-filing.
View scanned source documents on your second monitor to prepare and review the return digitally in your tax software.
Use remote access to check the status and/or respond to review points from home or in the field.
Archive the completed return with the source documents in your secure document management or network filing tree.

Document management system. Again, here the options vary widely from a simple Windows Explorer filing tree to a complete, scalable document management system.

(Paperless Continued):

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Myriad other products are important, if not essential, technologies to consider: client portals (see "[Client Portals: A Secure Alternative to E-Mail](#)," JofA, Feb. 10, page 36), optical character recognition, paperless engagement, etc. Many firms start simple then add as they refine their processes and identify the need for more robust technologies. Many resources, such as totallypaperless.com, can aid in determining the right technologies for your practice.

Adopting technology is the easy part; adapting your culture and processes to optimize your technology investment is the real challenge. Documenting your existing processes, identifying "better practices," and standardizing them across your tax practice will help you maximize the benefits of a digital environment.

By Joseph Manzelli, CPA/CITP, (jmanzelli@fuoco.com) director of operations for Fuoco Group LLP in New York City.

To comment on this article or to suggest another article, contact Paul Bonner, senior editor, at pbonner@aicpa.org or 919-402-4434.

IRS NEWS:

FORMS 2848 & 8821

IRS Advises Tax Professionals of Delays in Processing Powers of Attorney and Tax Information Authorizations

The IRS advises there are temporary delays in processing authorizations ([Forms 2848](#) and [8821](#)) to the [Centralized Authorization File](#) due to new procedures to ensure taxpayer privacy. For best results during this time, tax professionals should accurately complete authorizations and avoid duplicate submissions. Only joint years should be listed when preparing a joint authorization. The IRS also reminds tax professionals to include their jurisdiction (state or enrollment number), designation code, and signature of the Part II Declaration of Representative.

FTB NEWS:

On April 12, 2010, the Governor signed SB 401, the Conformity Act of 2010. The Act changes California's conformity date to the Internal Revenue Code from January 1, 2005, to January 1, 2009. California's conformity results in numerous substantive changes to both the Personal Income Tax Law and the Corporation Tax Law with respect to those areas of preexisting conformity that are subject to changes under federal laws enacted after January 1, 2005. The act is operative for taxable years beginning on or after January 1, 2010, except as noted below.

The following are provisions of the new law affecting taxable years beginning prior to January 1, 2010. We will provide additional updates about changes to the law for taxable years beginning on or after January 1, 2010.

Some of the changes are:

Mortgage **Forgiveness** Debt Relief Extended
Income Exclusion of Federal Energy Grants
Hokie Spirit Memorial Fund Exclusion

Amended Returns

Taxpayers who have already filed their 2009 Tax Return should file an amended return to exclude from gross income:

- Mortgage debt forgiven (Write Mortgage Debt Relief in red across the top of your amended return).
- Federal energy grants (any taxable year)
- Amounts received from Hokie Spirit Memorial Fund (any taxable year)

IRS NEWS:

NEW FORM W-11

The Hiring Incentives to Restore Employment (HIRE) Act

This Act was signed by President Obama on March 18 and gives employers who hire unemployed workers a 6.2% payroll tax exemption and a new hire retention credit up to \$1000.

To qualify, the new employee must have unemployed or have worked fewer than a total of 40 hours during the 60-day period before starting work. The employer must get a signed statement from the employee to this effect. Employers can use a new form - [Form W-11](#) - to meet this requirement. The W-11 is not filed with the IRS, but is to be retained by the employer along with other payroll and income tax records.

Eligible employers will use Form 941 to claim the payroll tax exemption for eligible new hires. This form has been revised for use beginning with the second calendar quarter of 2010 and is currently posted as a [draft form](#) on IRS.gov. The final form and instructions will be released next month.

[Frequently asked questions](#) about the payroll tax exemption and the related new hire retention credit are now posted on the IRS website. Click on business, Small Business/self-employed. Under "topics" click on Businesses with Employees.



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:

Summer Tax Symposium, Reno NV - June 6th - 9th

Society Events

Society Board Meeting May 7th and 8th

Summer Tax Symposium, Reno NV - June 6th - 9th

Leadership Workshop, Reno, Nevada

Society Board Meeting September 20th

Society Board Meeting November 15th

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, May 12th

All reservations must be received by noon FRIDAY, May 7th or please call by Thursday pm May 6th.

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, Caesar Salad
Roast Pork, Chicken w/Dijon Mustard Sauce
Whipped Potato, Broccoli Florettes
Strawberry Shortcake, Bee Sting 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 and non-members pay \$45. 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
 May 12th**

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**