

Volume 50 Issue 2  
April 2009



CALIFORNIA SOCIETY OF TAX CONSULTANTS

REPORTER



# 23rd Summer Tax Symposium 2009 in Las Vegas

See page 7 to register

### Inside This Issue

	Page
President's Message.....	2
Calendar of Events.....	3
Rules for Tax Preparers ....	4
New Members.....	5
Selling a Practice.....	6
Symposium.....	7

May 31, June 1, 2, 3, 2009

Offering CRTP'S, CPA'S, CFP'S & EA'S up to:  
24 Federal & 15 CA Hours



## PRESIDENT'S MESSAGE

April 2009



Dear Fellow CSTC Members,

How was your tax season??? The first tax deadline has just passed and I don't know about you, but I sure could have used another month to process. We always seem to have a longer tax season when there is a change in the Presidency!! Between the tax code changes that didn't get processed into IRS or State tax forms on a timely basis, the constant delays waiting for software updates, the 1099's that were corrected in mid-March, the K-1's that are just coming in now and the clients that procrastinated getting their paperwork to me until the last week, I have enough extensions to keep me very busy until next January!!! If we are supposed to have a 3 month window to process the bulk of the returns, and expected to accomplish that, I will never understand why Congress is always running behind creating constant delays for practitioners!! Adding insult to injury was the incessant barrage of "franchise" commercials advertising that they found "errors" in 4 out of 5 tax returns they reviewed, giving the false impression that no one else knows how to do a tax return except them!! They left out the fact that no 2 tax returns are ever done the same way because the tax code is subject to interpretation....don't let me get started on that one!!! And now we move on to the next tax deadlines.....

***Spring is here and it's time for CSTC education programs to start and our membership drive to strongly move forward!!*** The 2009 Summer Tax Symposium is a month away and the tax topics being offered are ***extremely relevant*** to all those tax returns we've put on extension!! If you have never attended this terrific education event, it's not too late to sign up. We've noticed the economy is affecting all the seminars being offered by various organizations and all of them are giving a discount of some sort, including CSTC. You can still register for our 3 ½ day event at the March 15<sup>th</sup> pricing until April 24<sup>th</sup> when it will increase. Bring a colleague who has never attended CSTC and chances are you will be able to sign them up as a new member and that will give you a \$25 certificate to use for other CSTC education!! We start off with the Sunday night social with lots of food, wonderful networking, vendor presentations and surprises. Monday night is our Chapter Bowling Competition (be sure to sign up for this) and Thursday is the Leadership Workshop. We have the "cream of the crop" in talented speakers, timely education topics and as an added bonus – you will still get all the materials for all the sessions offered, except the EA Cram Course. If you're still uncertain and you've never attended, talk to someone who has and they will certainly change your mind about what you have been missing!!

In closing, let me remind you that any and all suggestions for improving and enhancing CSTC are contributions that I look forward to hearing about from you. Please forward these to my email address at [nlebrun@sbcglobal.net](mailto:nlebrun@sbcglobal.net) or call me at 310-534-3492 so we can talk.

Best Regards,  
Nikki LeBrun, EA  
CSTC President



## ABOUT THE REPORTER

### 2009 SOCIETY OFFICERS

PRESIDENT.....Nicole LeBrun  
 1ST VP.....Linda Morlang  
 2ND VP.....Shari Hardy  
 SECRETARY.....David Eastis  
 TREASURER.....Barbara Marx Cleary  
 PAST PRESIDENT.....Anthony Bustos

The REPORTER is published by California Society of Tax Consultants, Inc. Telephone 714/750-2782. Subscription rates of \$10.00 per year are included in membership dues. (This value is established for tax purposes only. No dues adjustment for refusal or non-publication.) Nonmember rates are \$25.00 per year. We reserve the right to edit letters for length and clarity. 2009, all rights reserved. The REPORTER 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.

### HOW TO CONTACT THE SOCIETY

California Society of Tax Consultants  
 12419 Lewis Street, #106  
 Garden Grove, CA 92840  
 (714)750-2782 FAX (714) 750-2722  
**Email: [cstcsociety@sbcglobal.net](mailto:cstcsociety@sbcglobal.net)**  
**[www.cstcsociety.org](http://www.cstcsociety.org)**

### ADD YOUR LINK TO CSTC'S WEB SITE

Call 714-750-2782

### 2009 CALENDAR OF EVENTS

5/1 & 5/2	Society Board of Directors Meeting
5/31—6/3	Summer Symposium, Las Vegas, Nevada
6/4	Leadership Workshop, Las Vegas, Nevada
7/27	Society Board of Directors Meeting
9/21	Society Board of Directors Meeting
11/16	Society Board Meeting

## DUES TIME

Where can you go if you have a tax question or just need a sounding board? Where can you go for quality, reasonably priced education? **CSTC!** Education and sharing knowledge is what our organization is all about. Our motto is "We care enough to share".

July 1st starts next years renewal of dues. Dues are due and payable by July 1st for the coming year. This covers the year from July 1 to June 30.

If you do not pay your dues within 45 days your membership will be suspended. Once you have been suspended you lose all of the privileges that you enjoy as a member such as member rates for all CSTC events as well as your vote and your ability to hold office.

Don't allow your membership to lapse.  
 Dues notices are going out the end of April - don't delay.

## LEADERSHIP WORKSHOP

Will be held at the Gold Coast Hotel, Las Vegas, Nevada on June 4, 2009. **A must for current Board of Directors and leaders of CSTC Chapters.** A forum in which we will explore leadership methods and practices for all Board members. Have you been elected to a position on your Board and have no idea what that entails? This is your opportunity to find out what you got yourself into! A chance to get answers to all your questions. It's also a time for the "seasoned" CSTC'er to be updated on the latest!

## SYMPOSIUM HOTEL DEADLINE

Be sure to make your hotel reservations directly with the Gold Coast at 888-402-6278 **before May 1, 2009** and use the group code of **9CSTC05** to receive the room rate of \$54 (standard) or \$67 (upgraded) both rates for single or double. See registration on page 7.



## Section 7216 Updated Rules for Tax Preparers

New regulations under Internal Revenue Code Section 7216, Disclosure or Use of Tax Information by Preparers of Returns, become effective January 1, 2009. The new regulations update regulations that have been substantially unchanged since the 1970s, and give taxpayers greater control over their personal tax return information. The statute limits tax return preparers' use and disclosure of information obtained during the return preparation process to activities directly related to the preparation of the return. The regulations describe how preparers, with the informed written consent of taxpayers, may use or disclose return information for other purposes. The regulations also describe specific and limited exceptions that allow a preparer to use or disclose return information without the consent of taxpayers.

Revenue Procedure 2008-35 supplements the regulations, in particular Treas. Reg. Section 301.7216-3, and provides specific form and content guidance to tax return preparers for obtaining consents to disclose and consents to use taxpayer data in both the paper and electronic environments. Generally, tax preparers must obtain the signed consent of the taxpayer on paper or electronically before they can disclose taxpayer return information to anyone or use it for any purpose other than in the context of preparing and filing the return. Separate consents are required for disclosure(s) and use(s). Consents must:

- Identify the intended purpose of the disclosure or use;
- Identify the recipient(s) and describe the particular authorized information to be disclosed or used;
- Include the name of the tax return preparer and the name of the taxpayer;
- Include the applicable mandatory language set forth in section 4.04(a)-(c) of Revenue Procedure 2008-35 that informs the taxpayer that he is not required to sign the consent and if he signs the consent, he can set a time period for the duration of that consent;
- Include the mandatory language set forth in section 4.04(d) of Revenue Procedure 2008-35 that refers the taxpayer to the Treasury Inspector General for Tax Administration if he believes that his tax return information has been disclosed or used improperly.
- Where applicable, include the appropriate mandatory statement set forth in section 4.04(e) of Revenue Procedure 2008-35 that informs the taxpayer that his tax return information may be disclosed to a tax return preparer located outside the U.S.;
- Be in 12-point type on 8 1/2 by 11 inch paper. Electronic consents must be in the same type as the web site's standard text; and
- Contain the taxpayer's affirmative consent (as opposed to an "opt-out" clause); and
- Be signed and dated by the taxpayer.

The updated regulations apply to paid preparers, software developers, Electronic Return Originators, and other persons or entities engaged in tax return preparation services or services that are auxiliary to return preparation. They also apply to most volunteer tax preparers, for example Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) volunteers and employees and contractors employed by tax preparation companies in a support role.

Violations could result in imprisonment for up to one year, a fine of not more than \$1,000, or both, for each violation.

Additional Resources:

[Frequently Asked Questions](#)

[Aids to Preparing Section 7216 Consent Forms](#)



## WELCOME NEW MEMBERS

### CENTRAL VALLEY

Victor Terry, Atwater

### EAST COUNTY

Heather Austin, La Mesa  
Susan Carlson, El Cajon  
Lavonne Hawkins, Ramona  
Leah Henry, El Cajon

### INLAND EMPIRE

Joel Carter, Upland  
Robert Peltz, Upland  
Aaron van Kesteren, Upland

### NORTH COUNTY

Ken Cozzens, San Marcos

Renee Loignon Dion, San Marcos  
Lois Leonard, San Marcos

### SACRAMENTO

Diana Diem Truong, Sacramento

### SAN DIEGO

Iva Butler, Chula Vista

### SAN FRANCISCO BAY

Linda Marshall, Burlingame

### GREATER LONG BEACH

Keith Beck, Long Beach  
Sherry Board, Lakewood

Erin Estes, Torrance  
Joey Jimeno, Carson  
Traci Thompson, Long Beach  
Rene' Zamorano, Huntington Park

### SOUTH BAY

Jennifer Addieg, Bonita  
Joel Lopez, Indio  
Bertha Martinez, Chula Vista  
Michael Martinez, Chula Vista

### TEMECULA VALLEY

Pamela Sosa, Riverside

## PASS THE WORD

**WE NOW HAVE 4 HOURS CALIFORNIA CE ON LINE**

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

### **How to Report Suspected Tax Fraud Activity**

Suspected tax fraud can be reported to the IRS using Form 3949-A, Information Referral. Form 3949-A is available for download from the IRS Web site at IRS.gov. The completed form or a letter detailing the alleged fraudulent activity should be addressed to the Internal Revenue Service, Fresno, CA 93888. The mailing should include specific information about who is being reported, the activity being reported, how the activity became known, when the alleged violation took place, the amount of money involved and any other information that might be helpful in an investigation. The person filing the report is not required to self-identify, although it is helpful to do so. The identity of the person filing the report can be kept confidential.



## **SELLING A PRACTICE:**

### **Who Bears the Risk of Client Retention?**

The key to success in the accounting and tax profession is retention of paying clients.

When all is said and done, the key to success in the accounting and tax profession is retention of paying clients. All practices must be able to retain clients in order to survive and thrive. We know that. We also know there is no absolute guarantee clients will stay, whether the current owner is in place or a new buyer. No one owns the clients and no one can force them to stay. In theory, every single client could leave tomorrow. Yet we don't worry too much about this because clients can, and have, been retained successfully for years and even decades. All the studies show, and experience confirms, the majority of clients return when we treat them right, solve their problems and simply meet their needs.

So why is there such a fear of client attrition once a practice changes ownership? Why is client retention the number one concern of all buyers and most sellers? There is the widespread perception that a "bond" exists between clients and professionals that will be broken in a sale and may be difficult to reestablish between clients and the new owner. An over-exaggerated assumption exists which states the change of ownership itself will cause clients to leave the firm for a competitor, or they will start doing the work themselves. Occasionally, this concern is validated by the horror stories of some poor buyer who purchased a practice and lost two-thirds of the clients. The truth is that under circumstances involving an average amount of care and common sense, client retention rates for a new owner are often in line with the retention rates experienced by the previous owner and perhaps even greater.

Sure, the client loved working with the former owner and is stunned to think life must go on without this trusted advisor and friend. But once the initial shock is out of the way, what are the client's options? The client still needs accounting and tax services and still needs an accountant. Those who have planned ahead may have an alternative in their back pocket. Others may have a cousin who, for years, has been trying to convince them they can "do the books cheaper." These cases, however, are rare. For most people the only real option is to go to the Yellow Pages and that, of course, can be a nightmare. Even transferring the records over to the neighbor or cousin is going to be far more inconvenient than checking out the new owner.

The best option for the client is almost always to give the new owner a try. After all, the new owner already has the files and can be found at the same phone number and often the same address as the previous owner. Usually the same employees are there and hopefully the prices are about the same. The client usually assumes and will be informed via an introduction letter, that the professional they have trusted for years has "hand picked" the new owner. What this comes down to is convenience; convenience is often a top priority for the client. Searching for a new accountant and conducting multiple interviews can be a very exhausting and time-consuming venture. Staying with the new owner is the path of least resistance, and the client should have a certain level of comfort based on the previous owner's recommendation, especially if the buyer reaches out immediately once the sale is final.

"But how can I make sure the clients will stay with me?" the buyer asks. The answer is simple: An accountant retains new clients the same way he or she retains any client. Again, if a buyer treats clients with respect and professionalism, and meets their needs, the client will stay and pay. A 100 percent retention rate is unreasonable - we realize that - some clients may be lost just because the change gives them a chance to go to that neighbor or cousin, or to find someone closer. However, the number of people who jump ship due to a change in ownership is not nearly as high as most believe.

Who has control over retention? The buyer, the seller and the clients themselves each carry a role in ensuring a continuous relationship. After the seller has sent out an introduction letter, performed key introductions, and completed the transition, it is the buyer who makes decisions regarding quality of service, pricing, and anything else affecting client satisfaction. Typically, the seller will be available to assist the buyer with endorsement letters, occasional problem solving and words of encouragement. However, the seller's ultimate contribution to the deal is to bring the goodwill of the clients to the closing table, provide a list of persons with the need for accounting services, and use his or her influence to encourage clients to give the new owner a try. The seller simply owes the buyer his good faith and support during transition. In short, although the seller assists in retaining clients, the bulk of the control, by far, is with the buyer. If the new owner does not treat the clients well and provide fair solutions, they will leave no matter what the seller says or does.

www.cpamagazine.com Submitted by John.Diaz.- Article written by Roy Braatz



## 2009 SUMMER SYMPOSIUM FORM

Name \_\_\_\_\_ Nickname for badge \_\_\_\_\_  
 Address \_\_\_\_\_ E-mail \_\_\_\_\_  
 City/State/Zip \_\_\_\_\_  
 Day Telephone ( ) \_\_\_\_\_ Member of \_\_\_\_\_ Chapter CSTC  
 Guest Full Name \_\_\_\_\_ Guest Nickname for badge \_\_\_\_\_  
 Circle One: CRTP EA CPA CFP Other Number: \_\_\_\_\_

Member.....@ \$385 / \$435 / \$510..... x=\$ \_\_\_\_\_  
 Staff.....@ \$410 / \$460 / \$535..... x=\$ \_\_\_\_\_  
 Non-Member.....@ \$470 / \$520 / \$595..... x=\$ \_\_\_\_\_  
 \*Focus Session A, B, & C...@ \$75 Total ..... x=\$ \_\_\_\_\_  
 Guest.....@ \$100 ..... x=\$ \_\_\_\_\_  
 Any One Day..... x=\$ \_\_\_\_\_  
 \*\*\*Sunday Night Social (1 free ticket per attendee).. x=\$ \_\_\_\_\_  
 \*\*\*Extra Ticket Sunday Night Social \$35 .... x=\$ \_\_\_\_\_  
 Bowling Competition.....\$11..... x=\$ \_\_\_\_\_  
 Dues (\$130) & Initiation fee (\$25)=\$155.....

REGISTRATION FEES			
Full Registration (3 Days)			
	Postmarked by 3/15/09	By 4/24/09	After 4/24/09
Member	\$385	\$435	\$510
Staff	\$410	\$460	\$535
Non-Member	\$470	\$520	\$595
Any One Day			
	By 3/15/09	By 4/24/09	After 4/24/09
Member	\$210	\$235	\$255
Staff	\$225	\$250	\$290
Non-Member	\$260	\$275	\$335
Surcharges (in addition to other fees)			
EA Cram Course	\$75	\$75	\$75
*Limited Enrollment			

**Join CSTC - Take advantage of the member rate.**  
 \*Focus A, B, & C - EA Cram Course Limited Enrollment  
**TOTAL \$ \_\_\_\_\_**  
 Charge my: (circle one) VISA MC  
 Card No \_\_\_\_\_ Exp. Date \_\_\_\_\_ Billing Address \_\_\_\_\_ Sec Code \_\_\_\_\_  
 Signature \_\_\_\_\_

Check here if you require special accommodations.

SESSION SELECTION				
<b>Day 1</b>	8:00 - 9:45 _____ (Select 1, 2, 3 or A)	10:00 - 2:50 _____ (Select 4, 5 or 6)	3:20 - 5:00 _____ (Select 7, 8 or 9)	<b>Note: If A or B selected, it is an ALL DAY session - Surcharge - Limited Enrollment</b>
<b>Day 2</b>	8:00 - 9:45 _____ (Select 10, 11, 12 or B)	10:00 - 2:50 _____ (Select 13, 14 or 15)	3:20 - 5:00 _____ (Select 16, 17 or 18)	<b>Note: If C selected, it is a 4-hour session - Surcharge - Limited Enrollment</b>
<b>Day 3</b>	8:00 - 9:45 _____ (Select 19, 20, 21 or C)	10:00 - 11:40 _____ (Session 22, 23 or 24)	1:10 - 2:50 _____ (Session 25 General)	3:20 - 5:00 _____ (Session 26 General)

**Mail Completed Registration Form To:**  
 CALIFORNIA SOCIETY OF TAX CONSULTANTS  
 12419 Lewis Street #106,  
 Garden Grove, CA 92840  
 (714) 750-CSTC(2782) Fax (714) 750-2722  
 Email: cstcsociety@sbcglobal.net

**GUEST BADGE PRIVILEGES FOR ALL 3 DAYS INCLUDE:**  
 \* Free access to the Exposition Area  
 \* Sunday Night Social  
 \* Continental Breakfast \* Refreshment Breaks  
 \* Dees **NOT** allow class admittance  
**YOUR REGISTRATION FEE INCLUDES:**  
 \* Educational material for all sessions except Focus Session  
 \* Continental Breakfast each day  
 \* Coffee & Refreshment Breaks each day  
 \* Sunday Night Social  
**Materials for Focus Session - EA Cram Course will be available at a separate charge.**

• NO SMOKING IN MEETING ROOMS • NO SHOW POLICY: NO REFUND • SYMPOSIUM MATERIALS MAY BE REQUESTED  
 • LIMITED SEATING ALL SESSIONS • REFUND FOR CANCELLATION: Fee less 15% for costs & handling will be made only if requested before May 15, 2009.



California Society of Tax Consultants

12419 Lewis Street, #106  
Garden Grove, CA 92840

FIRST CLASS  
U.S. POSTAGE  
PAID  
Orange, CA  
Permit No. 740



### 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.

"2012 by 2012"

CSTC members in good standing  
that bring in a new member will receive a \$25  
Society Education Voucher for each new member  
they bring into CSTC