

CSTC ★ Temecula Valley

PUBLISHED FROM MAY THRU JANUARY EACH YEAR FOR MEMBERS AND FRIENDS OF THE TEMECULA VALLEY CHAPTER OF THE CA SOCIETY OF TAX CONSULTANTS

Calendar of Meetings

The first Wednesday of each month at 5:30 pm at **Richies Real American Diner** at 40651 Murrieta Hot Springs Road Murrieta CA 92562 951-696-5504

Jun 2nd— Please check your email for information

Amy Smith, IRS Stakeholder

July 7th — To be Announced

Aug 4th — To be Announced

September 1st — Estates & Trusts-Gary Quackenbush

Oct 6th — To be Announced

Nov 3 — To be Announced

December 1st (Tentative)

Events of the Interest

6/6—6/9/2010 24th Annual Summer Tax Symposium in Reno

Jun 30th IRS Stakeholder meeting 9am to 12 noon at IRS Office in San Bernardino

IRS FORUM

8/24-26 Las Vegas, NV.

8/31-9-2 San Diego, CA

Society Board Meetings

Sep 20 and Nov 15, 2010

Dec 2nd and 3rd Tax Bridge Anaheim

Jan. 2011 Inland Empire

CSTC Update Steve Sims EA

North San Diego Chapter

Other Chapter President's Message

I am excited about the upcoming year and what we can do to "Promote the Status of the Tax Consulting Professional", the 6th Objective of the California Society of Tax Consultants.

By providing valuable education to the Tax Professionals in our area, we can give the public choices of Consultants who provide educated and ethical advice when looking for the Tax Consulting Professional to help them with the ever increasing maze of rules and regulations that have been enacted in the recent legislation that has been passed, and the expiring regulations that will affect their pocketbooks.



Linda

This is a time when continuing education will be more valuable than ever. Advising your clients on the *Health Care Reform Act*, and other legislation will not be an easy task to take on your own. We are also faced with regulations on Tax Professionals at the Federal level. What are those rules? And how will they impact you? Along with that, what is the public image of the Tax Professional when the governing bodies have made it clear that there are unscrupulous Tax Preparers who warrant such regulation?

By our membership in this organization and our endeavor to keep abreast of the laws we are, as professionals, also taking the positions which will be in their best interest or our clients. I encourage you to reach to your associates. Talk to them about the benefits of having the networking associations you have in CSTC. Bring them to our meetings. Share with them the value you have found. And above all *promote the status* of the Tax Consulting Professional.

Linda Beckett ✉

Past Chapter President & State Society President — Ed.

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Inside FTB —Conformity Newsflash

On Tuesday, April 13, 2010, we sent our Tax News subscribers a newsflash on the recently 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, for taxable years beginning on or after January 1, 2010, except for the retroactive provisions explained below. California’s conformity results in numerous substantive changes to the Personal Income Tax Law, the Administration of Franchise and 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 following provisions of the new law affect 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.

Mortgage Forgiveness Debt Relief Extended

California law conforms, with modifications, to federal mortgage forgiveness debt relief for discharges occurring in tax 2007 through 2012. For more details regarding the mortgage forgiveness debt relief extension and how to file, go to our updated Mortgage Forgiveness Debt Relief webpage.

Income Exclusion of Federal Energy Grants

The Act provides that federal energy grants provided in lieu of federal energy credits are excluded from California gross income and alternative minimum taxable income of individuals and businesses. The income exclusion is applicable for any taxable year and is thus retroactive in its application.☺

Please wear your badge and win a chance on \$10.00 off next meal.

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**CONTINUING
EDUCATION
REQUIREMENTS ?**



Twenty (20) hours of CTEC-approved continuing education (12 hours of federal taxation, 4 hours of California taxation and 4 hours of either federal 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.

June 20th is Fathers Day.



Message from the President:

Thanks to all for attending our first meeting post tax season. We had a good turnout including a new member, a guest and a couple of members we haven't seen in awhile.



Our roundtable discussion was very productive. We had many issues discussed, help from members on ongoing issues and input on solutions to many of the problems we faced during tax season.

Selina Steele is working on getting our speakers lined up for the year. We had many suggestions for speakers and topics.

I attended the CSTC Society Board meeting earlier in May and participated on the membership committee. Our goal is 2012 members by 2012. Various chapters shared their ideas for generating new members. Redoing the website was discussed and, if we find the funding, we hope to have that project completed by the fall.

Please join us for our next meeting on Wednesday, June 3, 2010 at Richie's Diner in Murrieta at 5:30pm.

Hope to see you there! Sandi Goodwin ☺

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.



THOUGHT FOR THE DAY

Please help the Postal Service erase their \$200 million debts by buying the Forever Stamp now before the rates go up in May 2011. ☺

CSTC –Temecula Valley

Meeting Agenda

Richies Real American Diner

40651 Murrieta Hot Springs Road Murrieta
CA 62562 951-696-5504



4:30 PM Board Meeting

5:00 PM Networking & Registration

5:30 PM 1st Session:

6:30 PM Dinner Served

7:30 PM 2nd Session

Members **\$20**

Non Members **\$30**

Cost includes meal chosen from the menu not over \$11.00. Amount over limit paid by member.



Approved by CTEC for 2 hours of California Continuing Education Credit (1000-ce-_____)

From IRS Liaison

I have planned our next Practitioner Liaison meeting for

Wednesday, June



30th from 9:00 –

noon in the training room on the 2nd floor of the San Bernardino office. If you have any specific topics you would like to hear about, please let me know by June 9th so I can try to make arrangements. I will be discussing the **Return Preparer Initiative** as part of the meeting.

I'd like to

Speaker June 3, 2010 ☺

know if you plan to attend by June 25th so I can make appropriate arrangements.

Thank you, **Amy** (Amy Smith Senior Stakeholder Liaison — Ed)

NEW FORM 1040X

IRS redesigned the Form 1040X, Amended Individual Income Return, as of 1/26/10. New Instructions have also been issued. Both the new form and instructions are available at www.irs.gov under “Forms and Publications”.

The two major changes to the form are: (1) only the corrected amounts are reported (only one column format); and (2) the “explanation for changes” area to tell why an amended return is being filed is now on page 1. The instructions state on page 8 “Attach the schedule or forms(s), if any, that you used to figure your revised tax. Do not attach worksheets.” Page 2 of the form contains a “checklist” which includes the item “Attach any supporting documents and new or changed forms and schedules”.



The front page of the form, line 1, still starts with AGI. This means if the amended return is reporting a change to any item used to compute AGI the new or changed income form must be attached to the amended return.

For many years it has been my office procedure to attach to the amended return (1) a copy of the original return (all forms & schedules) marked with a large rubber stamp “As Originally Filed” and (2) a copy of the return (all forms and schedules) as the return would be as it is amended marked with a large rubber stamp “As Amended”. This procedure has avoided correspondence from IRS requesting more information and delaying IRS processing of an amended return with a refund.

Amending returns for years prior to 2009 your software will probably not have the new form 1040X. It has been reported by an employee of Lacerte Software that you are not required to use the new form 1040X when amending a tax return. (**Comment: It seems unlikely that the software companies will revise the form 1040X in their software for years prior to 2009 .**)

If you have a client with a NOL created in year 2009 which you are electing to carryback to a prior year (up to five years) and will be using a form 1040X rather than a Form 1045 be sure to read the new form 1040X instructions. Also there is a box to check on line 1 to indicate the amended return is being used to claim a NOL carryback. **Y Larry L McClellan** Mr. McClellan is a member of the **SAN DIEGO Chapter—Ed.**

c/o Dennis Martin
25901 Homeland Ave
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