



California Society
of Tax Consultants

CSTC Reporter e-Newsletter

CSTC Newsletter

February 2024

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From the CSTC President A Final Review...

Tax season has begun! And now, at the beginning of the season, is a good time to review some best practices for tax preparation.

I came across a list of due diligence best practices outlined by Paul M. Budd, JD, LLM, MBA meant to strengthen a practitioner's case against preparer penalties. In general, if a tax preparer has a reasonable cause for an understatement and acted in good faith while preparing the return, the preparer will usually not be penalized for the understatement. These conditions will generally be satisfied if an appropriate level of due diligence was exercised, so it's a good idea to review our diligence practices.

Here is a summary of Mr. Budd's due diligence best practices:

1. Establish a checklist of normal office practices for preparing a tax return, and always follow it.
2. Document and retain records for everything, both written information and notes on conversations with the client.
3. Make appropriate inquiries and refer to the taxpayer's prior returns and other relevant documents. The preparer is not required to audit the client, but is required to make inquiries.
4. Request supporting documents for positions that require it. When the client is taking a deduction that requires substantiating records, such as entertainment, the tax preparer should take the extra step of asking to see the records.
5. The bigger the claim, the greater the need for diligence. If a deduction or credit is large in relation to the total tax liability, the preparer should exercise greater due diligence.
6. Always comply with the heightened diligence requirements for special claims or deductions. If the specific diligence requirements are not followed, the preparer will be assessed penalties, regardless of whether there is an understatement on the return.

7. Never consider a taxpayer's return information in isolation. This is especially important with returns prepared for an individual and the individual's closely held business.
8. Never give out casual tax advice. Try to formalize any advice given in a typed memo or letter.
9. Advise clients of the benefits, risks, drawbacks and other considerations associated with a position – and document it. Be sure the client understands it.
10. Never assume what the law is. Tax law is constantly changing. A preparer should perform sufficient research to make sure a position is still supported by good authority.
11. Do not prepare a tax return unless sufficiently competent. Preparers should recognize their limitations, and decline projects beyond their expertise.
12. Terminate a client relationship if the client is unwilling to listen to advice or wants to take unreasonable positions. The preparer should clearly explain to the client why he/she cannot take that position. The preparer should also write up a memo for the client's file summarizing the meeting and clearly stating that the client was advised the position was unreasonable.

This is a good reminder for us all – to take a minute to absorb these points and to be sure our procedures are in line with the best practices. And then back to work! ☐

Wishing you all a productive and low-stress tax season...

Linda Dong
CSTC President



Grab your pick-axe* and your prospecting gear as we head back to Reno July 21 through 24 to hit the motherload...of tax education!

You read that right, it's JULY this year, so be sure to mark your calendars.

The 2024 Symposium committee is so excited about the solid-gold lineup of speakers this year. Whether you're just starting out and want to get more familiar with the foundation of tax, a seasoned pro looking for fresh ideas on complex topics, or anything in between, we have something for you!

Schedule and registration information is coming soon, so be sure to stake your claim on our early-bird pricing.

See you in Reno!

*Pick-axes discouraged, unless they're foam...

Upcoming CSTC Chapter Events

February 4, 2024

Tax Season Sunday Q&A Brunch
Orange County Chapter In-Person Meeting
1 Federal Law hour (Topics covering existing tax law)
[Click here](#) to learn more and register

February 7, 2024

Correcting S Corp & Partnership Basis for ERTC Refunds & Prior Year PPP Loans
San Francisco Bay Chapter Virtual Meeting
2 Federal Law hours (Topics covering existing tax law)
[Click here](#) to learn more and register

February 11, 2024

Roundtable Discussion 2023 Tax Return Issues/Resolutions
Greater Long Beach Chapter In-Person Meeting
3 California hours (Topics covering California law issues)
[Click here](#) to learn more and register

February 18, 2024

Tax Season Sunday Q&A Brunch
Orange County Chapter In-Person Meeting
1 Federal Law hour (Topics covering existing tax law)
[Click here](#) to learn more and register

February 25, 2024

Roundtable Discussion 2023 Tax Return Issues/Resolutions
Greater Long Beach Chapter In-Person Meeting
3 California hours (Topics covering California law issues)
[Click here](#) to learn more and register

[Click here](#) to view the CSTC calendar

Welcome New CSTC Members!

Salvador Arceo
Inland Empire Chapter

Patricia Bradley
San Jose Chapter

Nicholas Casagrande
San Francisco Bay Chapter

Val Daigle
San Diego Chapter

Jagpal Gill
Central Valley Chapter

Emir Hidic
San Diego Chapter

Audrey Keeran
Central Valley Chapter

Prabhakara Keerthipati
San Diego Chapter

William Kidd
Central Valley Chapter

Darline Sandoval
San Diego Chapter

George Stameroff
San Francisco Bay Chapter

Nicholas Sutton
San Francisco Bay Chapter

Ashley Yi
San Diego-North County Chapter



LEGISLATIVE ALERT

Legislative Advocacy

CSTC has been the leading Association in supporting legislation to provide protection for our profession, to support our profession, and to enhance our profession. CSTC continuously leads our industry through legislative advocacy, educational opportunities, and professional inclusion.

CSTC works closely with a Legislative Consultant to keep an eye on important bills that would affect taxpayers and small business owners.

[Please click](#) here to view the bills that CSTC is currently monitoring.



NEWS FROM THE IRS

[IRS to offer an Employee Retention Credit webinar on Feb. 8; provide updates on Voluntary Disclosure Program, moratorium](#)

IR-2024-30, Jan. 31, 2024 — As part of an ongoing process to educate and inform people about the Employee Retention Credit (ERC), the Internal Revenue Service will host a free ERC Voluntary Disclosure Program webinar on Thursday, Feb. 8 at 2 p.m. EST.

[IRS reminder to disaster victims with extensions: File 2022 returns by Feb. 15; all or parts of 8 states and 2 territories affected](#)

IR-2024-29, Jan. 31, 2024 — The Internal Revenue Service today reminded disaster-area taxpayers who received extensions to file their 2022 returns that these returns are due on Feb. 15, 2024.

[Things to remember when filing 2023 tax returns](#)

IR-2024-28, Jan. 30, 2024 — The Internal Revenue Service today offered a checklist to help taxpayers as they prepare to file their 2023 tax returns during filing season.

[IRS: Rhode Island taxpayers impacted by storms qualify for tax relief; various deadlines postponed to June 17](#)

IR-2024-27, Jan. 30, 2024 — The Internal Revenue Service announced today tax relief for individuals and businesses in parts of Rhode Island affected by severe storms, flooding and tornadoes that began on Sept. 10.

[Filing season has begun, employer wage statement deadline nears](#)

IR-2024-26, Jan. 29, 2024 — With the start of filing season the Internal Revenue Service today reminded employers of the Jan. 31 deadline to file Forms W-2 and other wage statements with the Social Security Administration (SSA).

[IRS offering additional time at Taxpayer Assistance Centers for face-to-face help](#)

IR-2024-25, Jan. 29, 2024 — The Internal Revenue Service today announced nearly 250 IRS Taxpayer Assistance Centers (TACs) around the country will extend their weekly office hours to give taxpayers additional time to get the help they need during the filing season.

[2024 tax filing season starts as IRS begins accepting tax returns today; taxpayer help expands this year with more in-person hours, better service, improved tools](#)

IR-2024-24, Jan. 29, 2024 — The Internal Revenue Service successfully opened the 2024 tax season today by accepting and processing federal individual tax returns as the agency continues focusing on expanding options to help taxpayers.

[IRS: Free Jan. 30 webinar to focus on navigating through restart of automated collection notices, penalty relief](#)

IR-2024-23, Jan. 26, 2024 — The Internal Revenue Service will hold a free webinar, designed primarily for tax professionals whose clients were affected by the delayed notices during the COVID pandemic.

[IRS, partners highlight EITC Awareness Day with tax resources that benefit millions of low- and moderate-income workers](#)

IR-2024-22, Jan. 26, 2024 — The Internal Revenue Service and partners around the nation today launched the annual Earned Income Tax Credit Awareness Day outreach campaign to help millions of low-to-moderate income working Americans that are eligible to claim the Earned Income Tax Credit.

[IRS continues work on Employee Retention Credit; new IRS CI education sessions come as agency urges businesses to review VDP, withdrawal program for questionable claims](#)

IR-2024-21, Jan. 25, 2024 — The Internal Revenue Service renewed calls today for businesses to review their eligibility for the Employee Retention Credit as the agency's law enforcement arm, Criminal Investigation (CI), begins a series of educational sessions for tax professionals.

[Treasury, IRS announce special relief for certain rollovers to or from Maryland Prepaid College Trust accounts](#)

IR-2024-20, Jan. 25, 2024 — The Department of the Treasury and the Internal Revenue Service issued Notice 2024-23 announcing special relief for taxpayers impacted by recent system issues affecting the Maryland Prepaid College Trust as described in the notice.

[IRS launches Simple Notice Initiative redesign effort](#)

IR-2024-19, Jan. 23, 2024 — The Internal Revenue Service today announced work is underway on the Simple Notice Initiative, a sweeping effort to simplify and clarify about 170 million letters sent annually to taxpayers.

[Taxpayers should continue to report all cryptocurrency, digital asset income](#)

IR-2024-18, Jan. 22, 2024 – The Internal Revenue Service today reminded taxpayers that they must again answer a digital asset question and report all digital asset related income when they file their 2023 federal income tax return, as they did for their 2022 federal tax returns.

[IRS: Connecticut taxpayers impacted by storms qualify for tax relief; various deadlines postponed to June 17](#)

IR-2024-17, Jan. 22, 2024 – The Internal Revenue Service announced today tax relief for individuals and businesses in parts of Connecticut affected by severe storms, flooding and a potential dam breach that began on Jan. 10.

[Treasury, IRS issue guidance on the Qualified Alternative Fuel Vehicle Refueling Property Credit](#)

IR-2024-16, Jan. 19, 2024 – The Internal Revenue Service and Department of Treasury issued Notice 2024-20 to provide guidance on eligible census tracts for the qualified alternative fuel vehicle refueling property credit and to announce the intent to propose regulations for the credit.

[IRS: Update for Form 990-T, Form 1120-POL filers with upcoming deadlines; e-file unavailable for small number of organizations with earlier due dates](#)

IR-2024-15, Jan. 18, 2024 – The Internal Revenue Service today alerted a limited group of tax exempt organizations that they won't be able to electronically file Form 990-T, Exempt Organization Business Income Tax Return, or Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations, until March 17, 2024.

[IRS and Treasury reach major milestone implementing key provisions using the IRS Energy Credits Online Elective Pay and Transferability Tool](#)

IR-2024-14, Jan.18, 2024 – The Internal Revenue Service and the Treasury Department reached a major milestone in implementation of key provisions in the Inflation Reduction Act with more than 1,000 projects registered through the new IRS Energy Credits Online (ECO) tool.

[IRS selects 12 new IRSAC members for 2024](#)

IR-2024-13, Jan.17, 2024 – The Internal Revenue Service today announced the appointment of 12 new members to the Internal Revenue Service Advisory Council.

[Treasury and IRS announce that businesses do not have to report certain transactions involving digital assets until regulations are issued](#)

IR-2024-12, Jan. 16, 2024 – The Treasury Department and Internal Revenue Service today issued an announcement informing businesses that they do not have to report the receipt of digital assets the same way as they must report the receipt of cash until Treasury and IRS issue regulations.

[IRS provides initial guidance to employers setting up emergency savings accounts for their employees](#)

IR-2024-11, Jan. 12, 2024 – The Internal Revenue Service today issued initial guidance to help employers with implementation of pension-linked emergency savings accounts (PLESAs).

[IRS Free File now available; free service through IRS.gov available for millions of taxpayers](#)

IR-2024-10, Jan. 12, 2024 – The Internal Revenue Service announced that IRS Free File Guided Tax Software service is ready for taxpayers to use in advance of the opening of tax season later this month.

[IRS ramps up new initiatives using Inflation Reduction Act funding to ensure complex partnerships, large corporations pay taxes owed, continues to close millionaire tax debt cases](#)

IR-2024-09, Jan. 12, 2024 – The Internal Revenue Service announced today continued progress to expand enforcement efforts related to high-income individuals, large corporations and complex partnerships as part of wider efforts to transform the agency.

[IRS: Webinar on 2023 Form 1099-K rules now available; free online video can help those who get payments through payment apps and online marketplaces](#)

IR-2024-08, Jan. 11, 2024 – The Internal Revenue Service today posted a free online video of a recent 2023 Form 1099-K webinar, a resource among many helpful videos at irsvideos.gov.

[National Taxpayer Advocate delivers Annual Report to Congress; focuses on taxpayer impact of paper processing delays](#)

IR-2024-07, Jan. 10, 2024 – National Taxpayer Advocate Erin M. Collins released her 2023 Annual Report to Congress.

[IRS reminder: Jan. 31 filing deadline for employers to file wage statements, independent contractor forms](#)

IR-2024-06, Jan. 9, 2024 – With tax season rapidly approaching, the IRS reminds employers that Jan. 31 is the deadline for submitting wage statements and forms for independent contractors with the government.

[IRS, Security Summit partners warn of surge in “new client” scams aimed at tax pros as 2024 filing season approaches](#)

IR-2024-05, Jan. 9, 2024 – The Internal Revenue Service and the Security Summit partners today alerted tax professionals to watch out for a new round of filing season-related email schemes where cybercriminals pose as potential clients.

[2024 tax filing season set for January 29; IRS continues to make improvements to help taxpayers](#)

IR-2024-04, Jan. 8, 2024 – The Internal Revenue Service today announced Monday, Jan. 29, 2024, as the official start date of the nation’s 2024 tax season when the agency will begin accepting and processing 2023 tax returns.

[Tax season 2024: IRS launches Tax Professional Awareness Week; focus on reminders, challenges and training opportunities for experienced and new tax professionals](#)

IR-2024-03, Jan. 5, 2024 – With the 2024 tax filing season just around the corner, the IRS is launching a special Tax Professional Awareness Week on Monday, Jan. 8, to assist tax professionals on what to expect during the filing season and start 2024 on the right foot.

[IRS announces more time for dealers and sellers of clean vehicles to submit time-of-sale reports](#)

IR-2024-02, Jan. 5, 2024 – Following the launch of a new online portal and to help industry, the Internal Revenue Service today announced an extension for dealers and sellers of clean vehicles to submit time-of-sale reports.

[Get Ready: IRS website has helpful resources for taxpayers](#)

IR-2024-01, Jan. 4, 2024 – The Internal Revenue Service encourages taxpayers to check out [IRS.gov](https://irs.gov) for tips, tools and resources to help them get ready to file their 2023 federal income tax return.

[News release and fact sheet archive](#)

Find previous year news releases and fact sheets from 1997 through last month.

Join the California Society of Tax Consultants!

[Click here to fill out an online application.](#)

CSTC advances professionalism within the tax industry by:

- Providing quality education
 - Creating networking opportunities
 - Advocating professional standards
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CSTC Member Benefits



CSTC members have access to benefits such as free payroll processing services for your tax practice, and the opportunity to earn new revenue through their flexible partnership options.



CSTC is pleased to include the VeriFyle Pro™ premium secure online document and message sharing service at no cost to CSTC members!



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We are a professional full-service tax advisory firm in San Diego. Our goal is to provide a level of service for our clients that will exceed expectations in every possible way. We strive to offer a diverse level of services to meet the needs of the diverse community we have been working in for more than 30 years.



CSTC members receive the TaxBook WebLibrary at a special price. Other Member Benefits Include:

Savings on all Society Educational Events / Savings on Contact, Correspondence & Self Study Education / Savings with member specialty CSTC Connects (previously yellow Pages) list / Savings with E&O Insurance, plus specialty coverage relevant to your profession / Online CSTC Find-a-Tax Consultant search to help promote your business! / CSTC Member Listserv



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