CALIFORNIA SOCIETY OF ENROLLED AGENTS

San Diego Chapter
Forum Newsletter
September 2008
www.cseasandiego.org

September 9, 2008 – Chapter Dinner Meeting

Topic: **105 Plans for Small Businesses**
Small Business Benefits Plans

Speaker: **Matt Lorenz/Shawndi Filby**
Cynthia Paxton

All of us work with a handful of small business owners that could take advantage of a 105 Plan. This is a tool I have recommended to numerous clients that are Schedule C and the spouse works with them. There are a number of tax advantaged opportunities out there for the Schedule C and the smaller business owners. We, as tax professionals, are the one's that the clients trust and rely upon to pass the initial idea along to them. Tonights speakers will introduce these planning concepts to us and show us how they can help us help our clients.

Event Times and Topics:

4:00 – 5:00	Board of Directors Meeting
5:00 - 5:30	Registration
5:30 – 6:20	Seminar Begins
6:20 – 6:40	Networking
6:40 – 7:40	Dinner
7:40 – 8:30	Seminar wraps & and adjourn meeting

Reservations:

If you ***are not*** on our "Prepaid Reservation List", ***call 800-642-1040*** or send an e-mail to **paulatax@san.rr.com** before 5 p.m. the previous Thursday, which will be September 4, 2008, to make your reservation. If you are on our "Prepaid Reservation List", you only need to call the phone line if you are CANCELLING. Your cooperation is greatly appreciated. A new Prepaid Dinner Meeting form is attached and must be completed and paid for at this meeting.

Menu Selection:
Garden Salad
Tex-Mex Marinated Steak – Marinated and Grilled Tri-Tip Steak served with Texas BBQ beans, Spanish Rice, Corn-Breaded Tomato and Jalapeno Cheese Popper.
Chef's Choice of Dessert

Cost:
$27 for members and spouse with a timely reservation
$33 for nonmembers with a timely reservation
$37 for all late reservations and nonmembers.

Location:
The Handlery Hotel, 950 Hotel Circle North, Mission Valley. Phone (619) 298-0511.

President's Message – September 2008

Dear Chapter Members,

Another month closer to our impending October 15th deadline. With September 15th just around the corner, my corporations are starting to surface and of course they all want their returns, yesterday. Too bad that wasn't when their work showed up. Have you started to see your renewal notices for your tax programs? Your tax supplies? I just placed my order for the usual folders, CD-ROM's, envelopes, etc and after all was said and done, I think they simply asked for my arm and leg instead of my credit card.

September promises to be a very good month for San Diego. We have the IRS Seminars from September 9th through September 11th. NAEA is looking for volunteers. Thank you to those that have already responded to my initial e-mail for volunteers. If anyone else is available to help man the NAEA booth, please let me know by e-mail (sleibold@sdbizadv.com) or by phone (619-294-4286 X351). The more we can help, the better it looks for San Diego and our group! I am proud of those that have already offered some of their time. We also have one of our own seminars on September 29th. Vick Mulak will be in town discussing S-Corporations, Balance Sheets, and how to handle the purchase and sale of a business on the tax return. I have attended these seminars in the past and they are excellent sources of information..

We are always looking for more great volunteers to help the SD/CSEA group with our own functions. If you would like to help, please let me know. A form is included in the newsletter that you can complete and return to me. We will be in touch with you shortly after receiving it to get you setup on something that helps our membership and our programs.

Thank you for your continued involvement and support. We are a great organization with great members with a lot of knowledge. What better research tool can you ever have than the built in peers of our organization.

I look forward to seeing you on Tuesday, September 9th at the Handlery Hotel.

Steven C Leibold, EA
Chapter President

CSEA MISSION STATEMENT

The mission of the California Society of Enrolled Agents is to foster the professionalism, business development and personal growth of its Members, to protect the interests of the individual Members of the Society, and to enhance the awareness and role of the Enrolled Agent among members of the public, other professions and with governmental agencies.

CLASSIFIEDS

Want to advertise office space, practices to buy, practices to sell, etc just send me an e-mail along with the copy that you want. We will place your ad in the newsletter AT NO COST!! What a great way to get your word out.

OFFICE SPACE AVAILABLE - We have 2 rooms available 1 - 10 X 10 and 1 - 12 X 16 conference room. Each room includes a computer, internet access (our computer or yours), client seating and is professional looking. We are offering them by the hour (20 hours per month minimum; additional available for modified rent). Rent is $250 per month for up to 20 hours of use. NO LONG TERM COMMITMENTS REQUIRED. You'll also receive 1 voice mail box, mail service, and T-1 internet. Copier (color & b/w)/fax/printer/secretarial services available at additional cost. Ideal for small practitioner that doesn't need full time office space, but wants some place professional to meet with their client. Call 619-294-4286 X351 or e-mail sleibold@sdbizadv.com to schedule a time to visit our office. Ask for Steven Leibold.

Committee Interests Questionnaire

In order for our San Diego Chapter of CSEA to function well and achieve the goals put forward by your Board of Directors, VOLUNTEERS ARE NEEDED!! Do you have a spare 1 or 2 hours per month to give to SD/CSEA? Each committee has various responsibilities and as with most committees, not all require the same amount of effort or time as others. However, any help you can offer is highly appreciated by your Board. Below are the committees we have. Please complete this questionnaire and either drop off at our dinner meeting, fax it to Steven Leibold (619-294-9908) or e-mail it to Steven Leibold (**sleibold@sdbizadv.com**). Your officers and Board Thank you for all of the help you can offer.

Steven C. Leibold, EA, Chapter President

______ Audit ______ Budget & Finance ______ Legislative

______ Bylaws ______ Education (Seminars) ______ Education (Dinner Meeting Speakers)

______ Membership ______ Newsletter Editor ______ Public Information Awareness

______ Scholarships ______ Disaster Services ______ Nominating Committee

Activities that we need assistance with:

______ CTEC Info Contact ______ Website ______ IRS/FTB/SBE Small Biz Workshop

______ IRS Seminar ______ Meeting Arrangements ______ QuickFinders/The Tax Book

______ Sunshine ______ Yellow Pages ______ Social Events

______ Physical Property (storage shed)

YOUR NAME: ______________________________ Phone: ________________________________

YOUR E-MAIL: ____

CSEA Audio Tax Seminars

Steve Sims, EA, FTB Taxpayer Advocate. is looking for any question or concerns about RDP and/or SSMC. He is presenting the CSEA October Audio Tax on this subject, and he wants to make it as valuable a presentation as possible. He would appreciate your thoughts and questions. You can email any responses directly to Sharon Stone Smith (sstonesmith@csea.org). Thank you.

Want an easy hour of education from your own office? Sign up for the CSEA AUDIO TAX SEMINARS. Contact CSEA (800-777-2732) or visit their website at www.csea.org and click on EVENTS for more information.
All sessions are held the first Wednesday of each month at 11:00 am for one hour. The cost is $50 for Members and $75 for non-Members. The current schedule includes:

Date	**Topic**	**Speaker**
3-Sep	Preparer Penalties (Ethics)	Bob McKenzie, EA
1-Oct	Registered Domestic Partners	Franchise Tax Board
5-Nov	Non Profit Organizations	TBD
3-Dec	California Update (2 hours)	Vicki Mulak, EA
7-Jan	Federal Update (2 hours)	Bonnie DeSimone, EA

We need dinner topic ideas and speakers?

Do you have a fabulous idea for a speaker topic or know a great speaker? We are looking for some ideas on possible speaker topics as well as speakers to present the material. Perhaps you are a closet public speaker and would like to impress your CSEA friends? Don't be shy. SPEAK UP!! Send an e-mail with either your ideas on possible topics or speakers you have heard in the past to Elaine Smith @ eztaxes@sbcglobal.net. We can always use a few good speakers.

Internal Revenue Service Tax Forum in San Diego – Sept 9th thru Sept 11th 2008

The Internal Revenue Service presents the 2008 IRS Nationwide Tax Forums, coming soon to a city near you. Registration is now open for all cities. Go to www.taxforuminfo.com for the schedule of events and locations and click on "Registration" to be a part of the forums today. The pre-registration fee is just $179, so register now to take advantage of the savings. Also be sure to reserve your hotel room soon as they are filling up quickly. When making your hotel reservation via telephone, please remember to tell the reservations specialist that you are part of the "2008 IRS Tax Forum". This will ensure that you receive the correct room rate.

The Tax Forums offer three full days of seminars with the latest word from the IRS leadership and experts. Hear from IRS SB/SE speakers on the following compliance topics:

- **Auction and Consignment Seller Tax Considerations**
  This session provides general information for filing & tax requirements of on-line transactions and addresses the on-line auction type businesses.

- **Compliance Priorities/Initiatives**
  This session will provide an overview of Compliance priority initiatives for FY08 and FY09. Learn about the IRS's focus on abusive schemes and promoter investigations, unreported income, non-filing, and our enforcement efforts.

- **Employment Tax**
  This session will concentrate on issues that make up the largest percentage of the employment tax portion of the tax gap, and what the IRS is doing to improve compliance and education in these areas. The issues will include worker classification, tip reporting, officer compensation, and matching issues.

- **Mastering the Collection Process**
  Understanding the goals and objectives of the Collection function and knowing our process including recent changes will make you a Master of the Collection Process. We will discuss our internal goals and objectives, how they impact the collection process, our expectations, and recent changes that will impact you and your client.

- **Return Preparer Penalties**
  Section 8246 of the Small Business and Work Opportunity Tax Act of 2007 amends several provisions of the Code to extend the application of the income tax return preparer penalties to all tax return preparers. This session focuses Section 6694 addressing tax return preparer penalty provisions.

Three focus groups will be conducted at each forum location and participants are randomly selected to participate and provide candid feedback on key topics. Let your voice be heard by participating in the SB/SE focus group topics:

- **Correspondence Examinations – How can we improve the process?**

Campus Compliance Services is seeking feedback and suggestions from tax practitioners to help identify barriers and ways to improve the current correspondence examination audit process. This includes determining the appropriate procedures, language on the letters, work steams and inventory selection techniques.

- **Improving Communications – The Exam Audit Process**

Examination is looking for feedback from tax practitioners to improve the overall Exam audit process. This includes gauging taxpayers' expectations regarding the length of the audit, communications and quality of the experience. A further goal is to either correlate or validate internal findings secured from Customer Satisfaction Surveys and related quality assurance reviews.

- **IRS First Contact Experiences**

SB/SE Research is seeking feedback for opportunities to improve IRS first contact resolution by understanding the problems encountered by information seeking preparers and partners. The results of the focus group interviews will be included in the next TAB report, and will meet SB/SE's commitment to gather information on this issue for the 2008 TAB Research Plan.

We look forward to seeing you there.

Miscellaneous News and Information of Interest

It gives me great pleasure to announce that Western Area Stakeholder Liaison has launched an online tool to communicate key messages from the IRS for tax professionals, and to provide useful tools, such as updated versions of the IRS Practitioner Directory (IRS Management Contact Information). This is being generously hosted by the California Society of Enrolled Agents (state) website, in the "Resources" section. Here is a direct link: http://www.csea.org/irskm/index.html.

This section on CSEA's website contains detailed contact information for California Stakeholder Liaison specialists, identified by chapters of the major tax professional organizations. Moreover, it provides links to IRS.gov with regard to most of the major outreach messages that Communications, Liaison & Disclosure continuously develops. Accordingly, this will be a dynamic section, and new information will be continuously added.

As you're all aware, the IRS has relied on you, as liaison representatives for your membership organizations, to relay such information obtained from our liaison meetings to your colleagues. Using this new method of communicating, we feel that we may be able to greatly enhance our communications efforts to a wider practitioner audience via direct contact.

This is a pilot project for now and is not being done by other SL areas. Western Area constructed the section, and will oversee updating and contribution of content. We want to make this a useful tool for you as well, so your feedback will be especially important. We will evaluate it for 4 to 6 months, and afterwards make a determination as to whether it should continue.

At this point, our stakeholder liaison specialists are contacting the liaison representatives of local chapters to "spread the word." Therefore, I would really appreciate your publicizing this to your organization's members via chapter meetings, newsletters, e-mail distributions, etc. If your chapter/organization has a website, I'm also encouraging you to contact your webmasters to establish links to this as well, so that your members can use it as a handy resource directly from your websites. If a link is established on your chapter's website, please advise me - I'd like to know.

Thank you.

Katie Williams, # 33-03226
Sr. Stakeholder Liaison
Communications, Liaison and Disclosure
SBSE, San Diego
619-615-7771

Earlier today, President Bush signed into law the Housing Assistance Tax Act of 2008. The act, geared toward helping existing homeowners and promoting ownership, has two significant beneficial tax provisions. Many taxpayers can now receive a credit of up to $7,500, on the purchase of their first home. A second provision allows a deduction for taxpayers who don't itemize of up to $500 ($1,000 for joint filers) for property taxes paid. ***Additionally, there is a very important change to the rules for the home sale exclusion,***

***which we will address in a future message*.**

Homebuyer Credit

For individuals considering a first home purchase, a credit is now available for 10% of the purchase price, up to $7,500 ($3,750 for married filing separate). The credit will begin to phase out if income is over $75,000 ($150,000 for joint returns), and will be unavailable if income is over $95,000 ($170,000). Thus, the credit - especially for clients living in the Bay Area - aims to make homebuyer-ship possible for people who might never be able to afford the prospect otherwise. The credit is also refundable, meaning that a buyer able to use the credit to reduce tax to $0 would get the rest back as an additional refund. The new home must be used as your principal residence to receive this credit.

***But there's a catch*. In the second year after the home purchase, a fifteen year period starts in which every year 1/15th of the credit must be paid back to IRS. (If, for example, the full $7,500 credit was taken, the pay-back would be $500 of additional tax every year.) Effectively, the credit is meant as an interest-free loan over this period. Please note also that the full balance of the credit must be paid back as soon as the home is sold, or if it simply ceases to be used as the primary residence.**

The credit applies to homes bought between April 9, 2008 and June 30, 2009. 2009 purchases may be elected to be treated as having occurred in 2008 for purposes of accelerating the credit. To be a "first-time" homebuyer, previous ownership in a property is OK, as long as the taxpayer (and the spouse, if married) did not have ownership interest in a primary residence, in the US, during the three-year period prior to the purchase. However, the credit will not be allowed for related party sales (such as between immediate family members).

Property Tax Deduction

The other benefit likely to help many taxpayers doesn't require being a first-time home-owner, or even a home-owner at all. The benefit is the creation of a new, one-year only (2008) deduction for real property taxes paid to a state, county, city, etc., for up to $500 ($1,000 joint). This benefit was intended to help taxpayers who are not able to itemize deductions. For owners of property, this is a relatively small group - chiefly those who have been fortunate enough to pay of their mortgages. The property does not have to be a primary homes at all; taxes on a second home, other non-income generating real estate, or even undeveloped land will also qualify.

Summary

Planning to best take advantage of these new laws will be crucial. And, as with any planning these days, we will need to consider the effect of Alternative Minimum Tax (AMT). Although it is not specified, presumably the property tax deduction would be subject to AMT, just as property taxes are for those who itemize. Fortunately, taxpayers unable to itemize rarely owe AMT, so these clients should not be impacted. Since the homebuyer credit is refundable, we believe it may not be subject to any reduction for AMT, but this, too, is not specified. It seems unlikely that Congress would have intended AMT to be a factor, as it could easily reduce or eliminate the benefit for many. Even so, the possibility should be considered, and we will make sure to follow future analysis of the new law with this in mind.

Other planning possibilities are possible, such as the ability to treat January through June purchases from next year as either 2008 or 2009 credits. If income is expected to either go

up or down significantly, or is very unpredictable from year to year, waiting and making the purchase in early 2009, coupled with going on extension for 2008, would offer the flexibility to choose the best way to handle it. In any case, we urge clients considering making the leap into home-ownership to consult their tax advisors.

Breakfast Meetings:

- ***South Bay***, 8:00 a.m. every Tuesday at Stella's On Third, 365 Third Ave, Chula Vista 91910, Chula Vista.
- ***Business Entities Tax Group***, 7:30 a.m., at Coco's Restaurant, 5550 Lake Murray Blvd., La Mesa. This group meets the 1st Thursday of each month, except April. Look for Jerry Dixon.
- ***Fiduciary Tax Group***, 7:30 a.m., at Coco's Restaurant, 5550 Lake Murray Blvd., La Mesa. This group meets the 2nd & 4th Thursday of each month, except April. Look for Jan Phillips, Sylvia Lang, or Val Daigle.
- ***Individual Tax Group***, **A** 7:30 a.m., at Coco's Restaurant, 5955 Balboa Ave in Clairemont Mesa. This group meets the 2nd and last Friday of each month, except April. Contact Val Daigle for more info (619-435-3131 or val@westax.com)

Upcoming Events In 2008

Date/Time	Event/Topic	Speaker(s)
~~May 13, 2008 – 5:30 pm~~	~~Chapter Dinner Meeting~~ ~~Head of Household & RAR Reports~~	~~Bonnie Hoyle, FTB~~ ~~Lorrie Lefevre, FTB~~
~~June 10, 2008 – 5:30 pm~~	~~Chapter Dinner Meeting~~ ~~Indian Taxation on and off the reservation, etc~~	~~Emily Williamson, IRS~~ ~~Scott Karafin, IRS~~ ~~Steve Sims, FTB~~
~~July 8, 2008 – 5:30 pm~~	~~Chapter Dinner Meeting~~ ~~MediCal Planning~~ ~~Estate Planning w/Medi-Cal~~ ~~Reverse Mortgages~~	~~Carl Gehring, CSA~~ ~~David Barnier, Esq.~~ ~~Jerry Sleder~~
~~August 12, 2008 - 5:30 pm~~	~~Chapter Dinner Meeting~~ ~~Elective Disability Coverage~~ ~~P/r Taxes~~ ~~ID Theft & I-9's~~	~~Josie Munoz (EDD)~~ ~~Robert Burgess (INS Customs)~~
September 9, 2008 – 5:30 pm	**Chapter Dinner Meeting** **105 Plans for Small Businesses** **Small Business Benefits Plans**	 **Matt Lorenz/Shawndi Filby** **Cynthia Paxton**
September 29, 2008 – National University	**SEMINAR** **Balancing the Balance Sheet (2)** **S-Corp: S means Safe not Sorry (4)** **I just Bought/Sold a Business (2)**	**Vicki Mulak, EA**
October 16, 2008 – 5:30 pm	**Chapter Dinner Meeting – JOINT WITH CSTC** **California Tax Update**	 **Lynn Freer (Spidells)**

October 27, 2008 – National University	**SEMINAR Deductible or Not? Schedule C & E (4 hrs) Strategies to Avoid AMT (2) Foreclosures, Forms & Forgiveness: A Guide through Form 1099-A, 1099-C, and 982**	**Alice Orzechowski, CPA, EA Marilyn Meridith, EA**
November 11, 2008 – 5:30 pm	**Chapter Dinner Meeting Mortgage Interest Audits Small Business Retirement Plans**	**Patricia Feldman, IRS Jackie Weitzberg**
November 18, 2008 – National University	**SEMINAR Interviewing your Tax Clients with Circular 230 in Mind**	**Maddy Gaoiran, EA**
December 9, 2008 – 5:30 pm	**Chapter Dinner Meeting Selling Your Practice; Exit Planning Strategies**	**Leo Klijn**
January 7, 2009	**SEMINAR IRS Tax Forum**	**See IRS Flyers for more info**
January 13, 2009 – 5:30 pm	**Chapter Dinner Meeting Ethics**	**Connie Ferrell, EA CSEA President**