The National Conference of CPA Practitioners

NASSAU/SUFFOLK CHAPTER

Volume 5, Issue 8 SEPTEMBER 2008

HIGHLIGHTS

President's Message

Meeting Schedule

Tax Highlights

MAP Committee News

Editor's Column

Estate and Business Planning

ADS

Officers, Directors and Committees

TOPICS FOR THE SEPTEMBER 4th MEETING INCLUDE:

1.) The annual Tax Tribunal case law review and update

2.) The proper reporting of a Sales Tax bulk sale;

3.) Voluntary disclosures;

4.) The sales tax re-registration project;

5.) Other new laws, issues, and initiatives.

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SEPTEMBER MEETINGS

Date:	**Thursday, September 4, 2008**	
Topic:	New York State Tax Update	
Speakers:	Michael Infantino & Anthony Vano	
Credits:	2 CPE/TAX	
Location:	Holiday Inn @ Plainview	
Time:	Registration/Dinner:	5:30 PM -7:00 PM
	Program:	7PM-9PM
Cost:	Before August 29	$50.00
	After Friday, August 29	$60.00

Date:	**Wednesday, September 24, 2008**	
Topic:	Improving the Bottom Line - Rate Realization Discussion of best methods to improve profitability by using staff and resources more efficiently, and billing in proper and timely manner.	
Speakers:	Scott Sanders CPA, and Michael Thaler, CPA, of Lazar Sanders Thaler & Associates LLP, and Michael Gaines, CPA of Friedman LLP	
Credits:	2 CPE/MAP/Advisory Services	
Location:	On Parade Diner, Woodbury	
Time:	Registration	7:30 AM Breakfast Included
Cost:	Before September 19th	$20.00
	After September 19th	$25.00

Round Table 7-22-08

PRESIDENT'S MESSAGE

I have just returned from National's quarterly meeting which was held in Atlantic City, NJ. I must report that all of the good news emanated from our meetings….not the casinos.

There was a more upbeat attitude on the part of the attendees that was missing from previous meetings. Being a Nassau/Suffolk Chapter progressive, I attribute the positive outlook of our members to that general feeling of "can do" that is being absorbed by the other folks at the various meetings.

Many things have happened in the last month or two that can be attributed to NC**CPA**P's efforts. (Of course, hardly anyone knows that it was NC**CPA**P that instigated, pressured and finally succeeded in accomplishing the deeds).

For example, as you may know, the IRS has changed the extension due dates of K-1s to September 15. That should help relieve some of the "second tax season" pressures that many practitioners have endured for so many years. (It was NC**CPA**P who started the ball rolling and got the NYSSCPAs and the AICPA to join in and bring about the pressure for the change).

If you didn't attend the MAP meeting last month, you missed a great session. One of the highlights on "Estate and Business Planning" is highlighted somewhere in this Newsletter. The MAP meetings for September and October are sessions that you don't want to pass up. September will feature rate realization and October will disclose the results of the recent survey that the Committee conducted. If you are interested in improving your practice (and perhaps increasing your bottom line) you should mark the dates on your calendar, NOW!

Thanks to **Todd Newman**, Chair of National's Tax Committee, for his information about the recent federal tax law changes. He makes it easy to understand the rules and tells us where and how to get detailed information.

Please make sure you check on the latest NYS rules on electronic filing and tax payments. It's getting so easy to conduct a tax practice these days. All you have to do is press a button on the computer.

August 31 is the due date for submitting your choice for a new name for our Newsletter. The judges, whoever they are, will select a new name or decide that "Newsletter" is good enough. Hopefully, the new name will be announced at the September 4th meeting. I can hardly wait!

Don't forget to bring a friend to the meeting and get your $25.00 gas card. See you then.

Donald Ingram, CPA

ELECTRONIC FILING

By Todd Newman, NCCPAP Tax Committee

According to the report filed by the Electronic Tax Administration Advisory Committee issued to Congress at the end of June - it was concluded that all reasonable voluntary methods to convince tax preparers to e file returns have been exhausted

The IRS will now debate whether to mandate electronic filing for preparers. They will also be looking into issuing incentives for e filing to convince practitioners to utilize e file programs.

The IRS goal was to have 80 percent of returns e filed by 2007 and they now stand at approximately 60 percent of returns e filed.

Another of the committee's recommendations was for the IRS to "strongly re-encourage" preparers and software providers to eliminate fees for electronic filing because these additional fees could discourage taxpayers to utilize e file and file on paper instead.

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Refer to back cover for Cancellation and Refund Policy for ALL Chapter Meeting and Seminars.

PROGRAM SCHEDULE FOR 2008/2009

EXCEPT AS NOTED WITH AN *, ALL CHAPTER MEETINGS WILL BE HELD AT THE HOLIDAY INN AT PLAINVIEW, EXIT 46 OFF THE LIE

Holiday Inn @ Plainview
215 Sunnyside Blvd
Plainview, NY 11803

* On Parade Diner
7980 Jericho Turnpike
Woodbury, NY 11797

(Subject to Change)

---2008---

Sept. 4		NYS Tax Update
Sept. 24	*Breakfast	Improving the Bottom Line-Rate Realization
Oct. 2		Compilation and Reviews
Oct. 23		Installation Dinner
Oct. 29	*Breakfast	Survey Review and Results
Nov. 19, 20 & 21		(3 DAYS) Tax Symposium *Held at Crest Hollow Country Club*
Dec. 4	(3 HOURS)	Not For Profit Update, 1041 and 990 Preparation
Dec. 9	*Breakfast	Preparing Ourselves and Staff for Tax Season

---2009---

1/8/09		Bankruptcy
1/20/09	*Breakfast	Foreign Taxation
2/5/09		FED TAX UPDATE
2/24/09	*Breakfast	Co-Ops
3/5/09		Tax Season Roundtable
5/7/09		Forensic & Fraud
6/4/09		IRS Update
6/25/09		A&A
7/9/09		Criminal Intent and You
8/6/09		Estate Topic
8/20/09	*Breakfast	Ethics
9/3/09		NYS TAX UPDATE
10/1/09		Compilation & Review & Projections
10/20/09	*Breakfast	Partnership
12/3/09		Not for Profit Update

Bring a friend to a Chapter Meeting
and receive a $25.00 Gas Card

Highlights of the HOUSING ASSISTANCE ACT OF 2008…. and more

By Todd Newman, Chair of National's Tax Committee

The Senate and the House have passed HR 3221- the "Housing Assistance Tax Act of 2008". The tax provisions are on pages 545 to the end. You can go to the Congressional web site and print it out yourselves

Among the new provisions:

1. A tax credit for first time home buyers. This really is not a credit as you have to pay it back over the next 15 years…. so I guess it's really an interest free loan. It's 10 percent of the purchase price up to a maximum of $ 8,000. Of course, there are modified income limitations (you would expect anything less??) There is a definition of what is a first time homebuyer. You'd think it would be someone buying a home for the first time?? (nah??).

2. New property tax deductions for non-itemizers.
The bill temporarily allows property owners who do not itemize to claim a standard property tax deduction up to $500 for individuals and up to $1000 for married filing jointly. This is for 2008 only.

3. Changes to low income housing credits.

4. Information reporting for merchant credit card and third party network sales.
One of the revenue offsets that is in the legislation will require institutions that make payments to merchants for credit and debit cards as well as third party payment networks, like Paypal, to report the gross amount of settlements they pay to merchants and other recipients. This takes effect in 2011 so that the Treasury Department can draft appropriate rules and regs.

It appears that this applies to all credit and debit card transactions but in the case of third party network payers, reporting will only be required if there was at least $20,000 in transactions or at least 200 transactions in a year. If there are not proper tax id numbers on file, backup withholding will be required.

5. All kinds of changes in mortgage rules and regs that may not affect taxes but you know your clients are going to call you with the questions.

As to the home buyers temporary refundable tax credit (or interest free loan) it looks like it will apply to homes purchased after April 9 2008 and before July 1, 2009. If you buy the home in 2009 it appears that you can elect to have the credit apply to 2008 at the discretion of the taxpayer. There are the usual phase-outs and offsets and different scenarios as to what happens if the house is sold at a profit or at a loss or you die, etc.

The exclusion of the gain on sale of a principal residence will also change. The amount of gain may have to be prorated- there will be "non qualified use." So, for example, you have used a property as a vacation home in 2004 to 2011 and from 2012 to 2013 you use it as a principal residence and then sell it. Under the old rules you meet the 2/5 year rule and exclude the gain up to the limit allowed. Now you would have to include 3/10 of the gain in income representing the time after 2008 that the home was not used as a principal residence.

There are rules as to when this will not apply (YOU THOUGHT OTHERWISE ???) Read the new rules. If you use a property as a principal residence from 2009 thru 2010 and then as a vacation house from 2011-2013 and then sell…. the gain during all 5 years of ownership will be excluded because all the time in the five year period AFTER the date the home is last used as a principal residence is OK for exclusion purposes.

AND A FEW OTHER TIDBITS OF NOTE:

1. The IRS issued their temporary and proposed regulations (you might want to get them and read them) that will reduce the extension of time to file tax returns from six months to five months for certain entity returns that generate a K-1 form. The change is effective for extension requests for returns due on or after January 1, 2009 and apply to form 1065, form 1041 and form 8804 for any entities that have a tax year ending on or after September 30, 2008.

2. For as long as anyone can remember- start up costs and organizational expenditures were permanently capitalized and non amortizable unless you made the proper elections on your tax return. Recently, the IRS issued temporary regulations that make the start up costs and organization cost elections automatic when the taxpayers have those costs. The regs can be applied to all expenses paid or incurred after October 22, 2004.

You still need to make sure you pay attention to these costs, and comply with the rules on when and how they are deducted, but the separate election no longer has to be made. The “deemed” election under the new regs should be a plus to those clients who were affected by having a deduction permanently disallowed because a preparer failed to make the election.

3. The IRS over the years has softened on allowing late filing of S elections. Now the IRS allowed an S corp that inadvertently terminated by having an LLC as a shareholder to “redo” their forms and treat the individual members of the LLC as the shareholders thus preserving the election.
A kinder, gentler IRS, perhaps??

4. For those who have received an endless amount of calls from teachers concerned that the new rules under 409A apply to them…..read notice 2008-62. This notice removes the threat of the 20 percent penalty on teachers who have their school earnings paid over a 12 month period. (Or at least for most teachers anyway). The salary threshold for someone paid over the 12 month period commencing August 1, 2008, before the penalty will apply, is $186,000. A careful reading of this notice seems to indicate that the IRS made up their own rules by ignoring the legislation passed by Congress???

5. And finally, **if you have not read all of the above, feel free to read the new proposed regs for section 6694. The IRS believes that changes in business practices and with increased complexity in the tax laws now require a reconsideration of the “one preparer per firm rule.” Feel free to read the proposed regs and comment to the IRS.**

Deadline for submissions to the newsletter is the FIRST DAY of EVERY MONTH!

IF YOU FIND MISTAKES IN THIS PUBLICATION

Please consider that they’re there for a purpose. We publish something for everyone, and some people are always

LOOKING FOR MISTEAKES

SPRUCE UP YOUR PRACTICE FOR FALL WITH THE MAP COMMITTEE

Michael Rubinstein and Gary Sanders, Co-Chairmen, MAP Committee

Labor Day not only means the end of summer, but to any CPA it also means the beginning of the second tax season, as we complete the entity and individual extensions, and of course continue tax planning for our clients.

At the MAP Committee, we believe it is also the time of the year to re-evaluate procedures and various billing practices and techniques that may not work as well as in the past during these economic times.

We are very fortunate to have as our guest speakers at our next meeting, on September 24th, **Scott Sanders** CPA and **Michael Thaler** CPA of Lazar Sanders Thaler & Associates LLP, and **Michael Gaines** CPA of Friedman LLP. They will discuss recent actions and recommendations on implementing ideas and changes to improve the realization rate. The changes to be discussed will venture far past that of simply increasing rates. We will all participate in a round table discussion on better utilization of professional and non professional staff to improve productivity and increase morale of our staff, while at the same time gaining more client confidence. At the end of this session, we will all have an improved perspective of how to be more productive with happier staff and clients. If this seems impossible, then this is a must attend meeting!!!

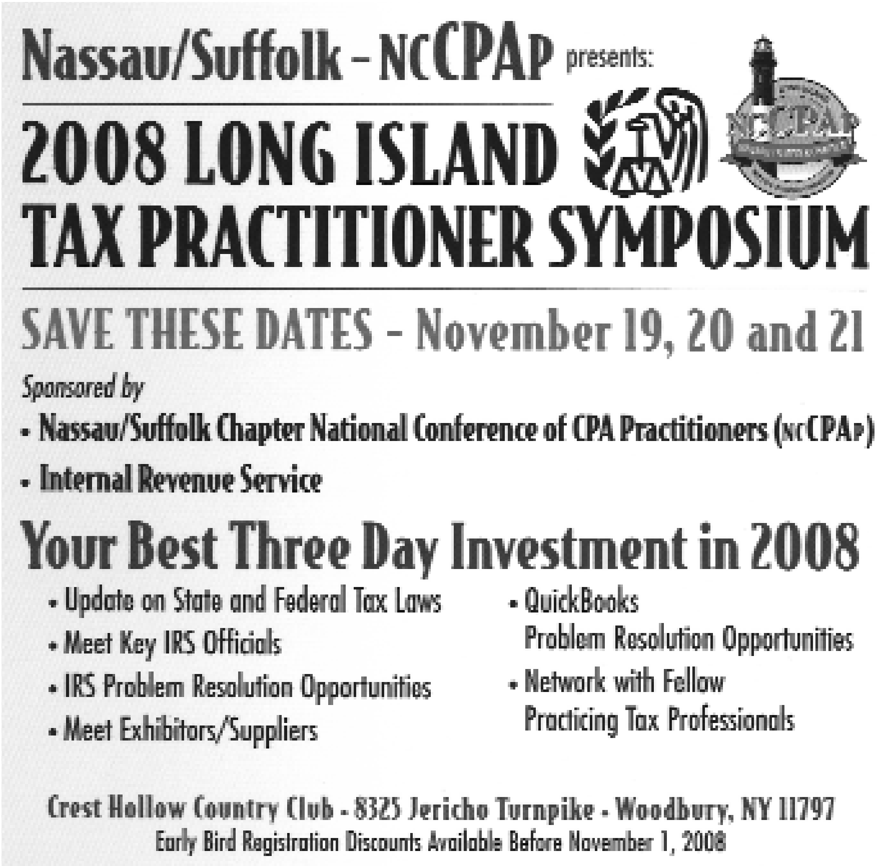
We will continue on the trails of Practice Management with our long awaited meeting on October 29th, with the results of our practice management survey. Under the guidance of **Michael Rubinstein**, we will present the results of over 100 participants.

In addition to the results, we have prepared some analytical interpretations of how every practice from sole practitioners to larger practices are handling a host of issues. In fact we have separated our results into classes based on types of practices, so that you can compare your individual situation on a proper comparative basis.

As you will note, all of our committees are intended to provide our members with new perspectives on topics that are pertinent in our daily lives and practices….So if you have never attended a MAP meeting these are two great meetings to experience the comaraderie of our members while obtaining valuable information.

All of our meetings are at the On Parade Diner at Jericho Turnpike in Woodbury from 8:00AM until 10:00AM.

Estate Planning Round Table. Participants are: l to r:
Carol Markman, CPA, Andreea Olteanu, Esq.,
Robert Lusthaus, CPA, Esq., Robert Barnett, CPA, Esq.



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Estate and Business Planning – Mistakes/Opportunities

Adapted from an outline presented by Robert S. Lusthaus, CPA., Esq. at an Estate Planning Breakfast Roundtable held on July 22nd.

Mistake #1. **Forgetting to name successor agents, proxies, executors, and trustees in estate planning documents.**

Mistake #2 **Neglecting to properly structure a business venture to protect personal assets from business creditors.**

Mistake #3. **A married couple not taking advantage of <u>both</u> estate tax exemption amounts ($2 million in 2008) that are available to each spouse, due to inadequate wills and wrong titling of assets.**

Mistake #4. **For businesses owned by more than one individual, neglecting to have an agreement among the owners and a binding buy-sell arrangement (with funding).**

Mistake #5. **Having inadequate beneficiary designations for retirement plans and IRAs that do not coordinate with the rest of the estate plan.**

Mistake #6. **Neglecting to hold regular shareholder/member/ partner and board of director meetings for a business entity, failing to prepare written minutes based on each meeting to include in the entity's records, and ignoring other formalities to assure that the entity is respected for all purposes.**

Mistake #7. **Failing to properly plan for family business succession. In order to avoid this mistake, a family member's desire to participate in the family business should be evaluated.**

Mistake #8. **Failing to consider the income tax ramifications of each personal, investment, or business decision; and failing to take advantage of all available deductions, credits, and opportunities.**

Continued on Next Page

Mistake #9. **Failing to incorporate trusts adequately for asset protection purposes.**
Mistake #10. **Failing to consider the options available to finance long-term care needs.**

It has been many years since Benjamin Franklin said that "nothing is certain but death and taxes." Although this is still true after all these years, by using tax and estate planning techniques that are available for business and personal assets, we should be able to help our clients avoid many of the mistakes I just discussed.

Paying close attention to planning, and being aware of the potential pitfalls can lead to positive results.

Save The Date!!
October 23, 2008
Installation Dinner - Fox Hollow Inn
Celebrate NCCPAP's 30th Anniversary

(Please Save This Page for Future Reference)

NASSAU/SUFFOLK CHAPTER-NCCPAP 2007/2008

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TOPIC FOR THE SEPTEMBER 24TH MAP MEETING

Improving the Bottom Line- Rate Realization

Discussion of:

best methods to improve profitability by using staff and resources more efficiently

billing in a proper and timely manner.

PLAN TO ATTEND The October 29th MAP MEETING
with the
Survey Results

It is vital to
YOUR PRACTICE

CHAPTER MEETING CANCELLATION POLICY

A PRE-PAID REGISTRANT THAT CANNOT ATTEND WILL BE ISSUED A CREDIT TO BE USED BY THE REGISTRANT ONLY FOR A FUTURE MEETING (OF EQUAL VALUE) HELD WITHIN ONE YEAR OF THE MISSED MEETING. CANCELATION NOTICE MUST BE GIVEN TO N/S NCCPAP CHAPTER OFFICE BY THE END OF THE CHAPTER MEETING DAY.

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REFUNDS WILL BE ISSUED FOR SEMINARS PROVIDED NOTICE OF CANCELLATION IS RECEIVED THREE (3) BUSINESS DAYS PRIOR TO PROGRAM DATE. A $25.00 PROCESSING FEE WILL BE CHARGED FOR 2 CPE & 4 CPE CREDITS SEMINARS, $50.00 FEE FOR 8 CPE CREDIT SEMINARS.

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