Idaho Association of Public Accountants

IAPA TODAY

The Newsletter for Idaho's Accounting & Tax Professionals

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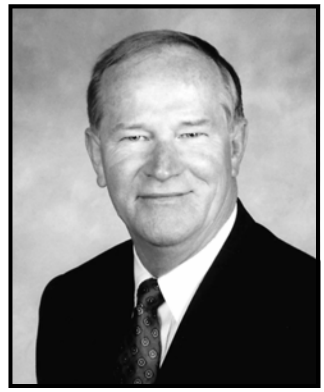
Serving Aging Me

by Terry Bayless, Sr., CPA—IAPA President



When I attended the National Society of Accountants' seminar entitled Serving Aging America in Las Vegas earlier this year, I realized the information in the seminar books would be a benefit to me first, then my clients. Like most of us, I am approaching retirement age and according to statistics I will spend about one-third of my life in retirement. Most individuals face the problem with retirement, will I have money to retire or will I have to work 10 to 15 years longer beyond normal retirement age.

A recent survey by the U. S. Census Bureau predicted that individuals age 65 and older will grow from one in eight today to one in six by the year 2020, and one in five by the year 2050. If you retire at age 65 and live until age 85, you will spend 20 years in retirement and you will have worked about 47 years. With modern medical advances and changes in social activities, many people in the United States will be able to experience a second adulthood after age 45. Seniors over the age of 85 are the fastest growing age group. This group will more than double by the year 2020. Forty percent of individuals aged 51 – 61 expect to retire with no income other than Social Security benefits.

The role of the accountant and tax professional is to help plan for the retirement of your clients and begin by planning your own future retirement. The United States is an aging nation and in less than fifteen years, the population over 60 will double. Today senior citizens face a unique set of tax and planning challenges of interacting with our country's network of elder programs including Social Security, Medicare and Medicaid. The programs have rules that limit individuals' income, in the case of Social Security, and both income and asset accumulation in the case of Medicaid. Both require planning and accurate information to meet participation requirements. All individuals will face a series of decisions and challenges over the last decade of their lives and their abilities to wisely deal with them will impact their quality of life.

The accountant and tax practitioner's main responsibilities

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Tax Filing for Small Employers Gets Easier

In its continuing drive to make it easier and less time-consuming for the small employers taxpayer to file Employment Taxes (ET), the IRS will introduce in early 2006 the new Form 944, Employers' Annual Federal Tax Return, which replaces the Quarterly Form 941 filing requirement for certain eligible small employers.

With employment taxes representing approximately two-thirds of all revenue that the Treasury receives, the viability of the federal tax system rests on the ability of the IRS to effectively administer employment taxes. One way to do this is by making it easier for small employers to comply with their employment tax filing responsibilities.

The purpose of new Form 944 is to reduce burden on the smallest of small business taxpayers by establishing new rules and processes that will allow certain employers to file their employment tax returns annually, and in

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Inside this issue:

IAPA recognizes new members

The IAPA has experienced growth this year in the form of new members. With the addition of these 18 accountants and tax professionals this fall, we have 21 new members in our ranks this year. As it now stands, we have passed the 200 mark and are now 202 strong!!!

Thanks to those of you who are spreading the word that membership in the IAPA is a thing of value!

Carl Ashmead, CPA	**Nampa**
Daniel Barclay, CPA	**Boise**
James Bell, CPA	**Idaho Falls**
Robbi Berg, CPA	**Couer d'Alene**
Brette Cooke	**Driggs**
Mike Dailey, EA	**Jackson, WY**
Devin Furtwangler	**Sandpoint**
Eileen Havens, LPA	**Salmon**
Mike Jones, CPA	**Boise**
Kevin Kimpton, CPA	**Post Falls**
Kathryn Mauritz, EA	**Meridian**
Jay Miracle, CPA	**Mountain Home**
Monte Nail, CPA	**Richland, WA**
Linn Pemberton, CPA	**Clarkston, WA**
David Smith, CPA	**Idaho Falls**
Richard Stanton, CPA	**Boise**
Anne Swafford, EA	**Caldwell**
Nathan Wendt, CPA	**Kellogg**

Verify Social Security Numbers Online

Before preparing and submitting W-2s, employers can now use the Internet to match their record of employee names and Social Security numbers. Unmatched records can result in additional processing costs for employers and uncredited earnings for employees.

Employers can verify the names and SS numbers of employees only after they have been hired—it cannot be used during the pre-hiring process.

To use this Social Security Number Verification Service, employers must register at Business Services Online at **www.socialsecurity.gov/bso/bsowelcome.htm.**

Caution is urged if mismatches are found. A mismatch does not imply intentionally incorrect information. A mismatch does not make any statement about the employees immigration status and is not a basis, in and of itself, for taking adverse action against the employee. Doing so may subject the employer to labor law or anti-discrimination sanctions.

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CHANGE OF ADDRESS: Please notify the editor of any change of address, phone number or email.

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will lie in the areas of financial and tax planning. The professional should concentrate in the following areas for self and your client:

a. Tax planning related to senior citizens issues.

b. Retirement planning.

c. Estate planning.

d. Social security tax and benefit management.

e. Pension and IRA distribution planning before and after death.

f. Nursing home planning.

What are your needs for retiring in reasonable comfort? The time to plan for retirement is now, not when you have retired. As an accountant and tax professional, adequate planning is everything. For additional information on retirement, attend the next seminar offered on "Serving Aging America." The cost of the seminar will be worth it, if only for your own planning and how much you really do not know about your future. Planning your retirement should also include your children. This will ensure that they know what your wishes are and hopefully negate any disagreements in the future.

President's Message *by Terry Bayless, Sr., CPA—IAPA President*

It is an honor to serve the members of IAPA as your president for the coming year. I am looking forward to the challenges of leadership of this great organization by increasing the membership and by providing the best educational programs to our members.

The mission of IAPA is to enhance the accountant's ability to provide professional services to clients and the general public with quality continuing professional education and maintain the highest ethical standards that no individual or organization can question. Stand up and be counted as one of those individuals.

At the most recent convention of the National Society of Public Accountants, Idaho was the only state that had two attendees who were not able to vote as delegates. Idaho is allowed eleven delegates at the convention, and we had thirteen members attend the convention. This is a sign of IAPA's dedicated commitment to our membership!

I would like to present a challenge for the coming year. I would like to have every member approach one of your peers and encourage them on becoming a member of IAPA. Present to them the benefits of membership in this great organization. After all, we are the one organization that is protecting their right to practice accounting and tax. By becoming a member of IAPA, their membership fee can easily be paid for by the savings they will have by attending our educational seminars.

In June, 2006, our state convention will be held in Post Fall, Idaho. We will have the honor of hosting the convention and we will be joined by accountants and tax professionals from Oregon, Washington, and Montana for a joint convention. CPE for the convention will Bob Jennings' Technology. Come and see all of the new electronic toys that can enhance your accounting practice, help your clients, and save you time and money.

The officers of IAPA are here to help. Call us if you need aid with accounting or tax problems. We will always find a way to help!

Amended mileage rates for final four months of 2005

The IRS has announced an increase to the optional standard mileage rates for the final four months of 2005. The rate will increase to **48.5** cents a mile for all business miles driven between Sept. 1 and Dec. 31, 2005. This is an increase of 8 cents from the 40.5 cent rate in effect for the first eight months of 2005, as set forth in Rev. Proc. 2004-64.

"This is about fairness for taxpayers," said IRS Commissioner Mark W. Everson. "People are entitled to deduct the real cost of operating a vehicle. We've responded to the recent gas price increases by making this special adjustment so taxpayers get the tax benefit they deserve."

In recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2005. The IRS normally updates the mileage rates once a year in the fall for the next calendar year.

"With many predicting a decline in gas prices over coming months, we will hold off on setting the 2006 rate until closer to January," Everson said. Next year's rate could be lower than 48.5 cents. While gasoline is a major factor in the mileage figure, other items enter into the calculation of mileage rates, such as the price of new vehicles and insurance.

The new four-month rate for computing deductible medical or moving expenses will be **22** cents a mile, up from 15 cents for the first eight months of 2005. The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at **14** cents a mile.

Stay informed

Stakeholder Liaison (formerly Taxpayer Education and Communication – TEC) for the Northwest Area (Washington, Oregon, Montana, Wyoming, Idaho, Utah, Nevada, and Arizona) is looking for practitioners who want to stay informed.

Stakeholder Liaison is developing statewide lists of practitioner e-mail addresses. They are interested in both practitioners who are members of state organizations and those who are not. These lists will be used to invite you to practitioner events throughout the year. They may also be used to distribute late breaking news to ensure you are quickly informed of any changes that might affect your business or your clients.

Simply send an email to **gonzella.b.jones@irs.gov.** Your name will be added to the list to start receiving information. Be sure to include your name and firm name in your e-mail.

NSA Peer Review Dropped

September 16, 2005

The National Society of Accountants (NSA) wishes to inform you that the NSA peer review program will be suspended indefinitely. Upon very careful review, the NSA Board of Governors reluctantly concluded that the program has not been financially viable and, given changes required for any peer review program, would continue to experience losses for the foreseeable future.

NSA has maintained the peer review program for several years at an annual financial loss for the association. We simply cannot continue to do so at a cost to other vital services to our membership. We deeply regret this decision. However, there is no viable alternative at this time.

Offering a peer review program has become more and more demanding as the program has changed to keep up with the evolving profession. Individual State Boards of Accountancy have imposed modifications to the peer review programs to accommodate the specific needs of their state, requiring NSA to customize the program in each state in which the program is offered. In addition to cost considerations, the varying state requirements have made it apparent that it is more efficient to have reviews performed at a local level.

Further, we have found that even though more states are requiring peer review, the usage of our program by our members has actually declined during the past few years. Based upon past use, our projections indicate slow growth in our program with the resulting costs far exceeding the revenue generated. NSA has never intended the peer review program to be profitable, however there is a limit both with respect to the amount that we can charge those needing a peer review and the amount that NSA can subsidize the program with dues dollars. Simply put, there comes a point when too large a deficiency in any one program must be acted upon.

NSA stands ready to provide assistance and advice to any Affiliated State Organization that wishes to establish its own peer review program. We will also assist NSA members who have participated in our program in securing their next peer review. Our research indicates that there are alternatives for you.
We look forward to working with all of you during this transition period.

Sincerely,

Wanda L. Samek, President, NSA
Steven J. Hanson, Chairman, NSA
Peer Review Committee

30,000 1040-ES Payments Irretrievable

The IRS is alerting taxpayers in 13 states that approximately 30,000 estimated tax payments sent to a San Francisco post office box in early September have been lost in the aftermath of a traffic accident.

- Taxpayers who may be affected include: Residents of Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Ohio, Oregon, Utah, Virginia, Washington and Wyoming, and
- Anyone who mailed an IRS tax payment to the IRS San Francisco post office box between Sept. 1 and Sept. 11.

The accident occurred on the San Mateo Bridge near San Francisco in the early morning hours of Sept. 11, as a contract courier was delivering mail from the post office to a check-processing facility in Hayward, Calif.

The IRS estimates that approximately 30,000 of the estimated 45,000 tax payments on board the vehicle –– mostly Form 1040-ES quarterly estimated tax payments –– were ejected into the San Francisco Bay and are not recoverable. During the month of September, the Hayward check-processing facility processes approximately two million payments. The estimated lost checks represent less than 2 percent of the total payments processed in September.

IRS is working to help taxpayers whose payments were lost in this incident. The IRS encourages taxpayers who believe a payment may have been lost to wait until Sept. 30 before contacting the IRS. This will allow checks that were received to be processed and clear the banking system.

After Sept. 30, a taxpayer whose check has not cleared his or her bank should contact the IRS on its toll-free taxpayer assistance line at 1-800-829-1040. Taxpayers who contact the IRS will receive instructions regarding how and where to send a replacement check. The IRS will waive interest and penalties for affected taxpayers.

The IRS intends to send a notice to potentially affected taxpayers who have previously mailed estimated tax payments to the San Francisco post office box. The notice will include specific instructions, if necessary, for sending in a replacement check. Taxpayers will have 30 days from notification to send a replacement check.

Leave-donation program yields benefits

A broad coalition of business and charitable associations joined with the IRS and the Department of Treasury to announce a partnership aimed at educating the nation's employers about a leave-donation program benefiting Hurricane Katrina victims.

The leave-donation program offers favorable tax treatment for employees who donate annual, sick or personal leave back to their employer. The employer converts the leave into cash and makes a contribution to a qualified charity supporting Katrina relief and recovery efforts. The employee does not pay taxes on the value of the leave, and the employer may deduct the amount as either a charitable donation or as a business expense.

"Companies and employees across the country have been deeply moved by the recent disasters affecting the Gulf Coast. The IRS programs provide a creative way for hard-working employers and employees to contribute in a concrete and practical way," said Stephen Jordan, Vice President and Executive Director, U.S. Chamber of Commerce's Center for Corporate Citizenship.

"We are deeply appreciative of the financial outpouring we witnessed in the aftermath of Hurricane Katrina. But the task here is immense; the needs still being calculated and the recovery just beginning. We would urge employers and employees to review the leave-donation program and see if it is right for them. The leave-donation program provides an avenue for continued and critically needed cash contributions," said Colburn S. Wilbur, interim President and CEO, Council on Foundations.

"Everybody wins under this program," said IRS Commissioner Mark W. Everson. "Employees can give without paying cash. Companies get the tax deduction. And the money gets to people in need."

The business associations will share information about the leave-donation program to all their members – greatly expanding the outreach to employers and employees who are looking for a way to help. Among those joining the outreach efforts are:

U.S. Chamber of Commerce
Society for Human Resource Mgmt
Small Business Legislative Council
Natl. Manufacturer's Association
American Hotel and Lodging Assc.
Associated General Contractors
American Dental Association
American Payroll Association
American Trucking Association
Women Impacting Public Policy
National Women's Business Council
Ind. Community Bankers of America
National Small Business Association
United States Pan-Asian American Chamber of Commerce

A leave-donation program can be adopted and administered easily. Employers must follow certain guidelines, but no IRS approval is required and there are no special reporting requirements. The amounts contributed are not subject to employment taxes and are deductible for the employer. This program will extend through the end of 2006. People will have a chance to donate even if they've used their vacation time for this year.

The cash contribution by the employer must be made to a qualified tax-exempt organization, dedicated to Hurricane Katrina relief and paid to the organization by December 31, 2006.

A leave-donation program makes it easier for employees to help Hurricane Katrina victims without tapping their own cash reserves. Employees also can donate the leave with no impact on their income or taxes.

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most cases pay the employment tax due with their return.

A small employer will file the annual Form 944, Employer's Annual Federal Tax Return, to report wages paid, tips employees have reported to the employer, Federal income tax withheld, social security and Medicare taxes withheld, the employer's share of social security and Medicare taxes, and advance earned income credit payments.

This program is targeted for taxpayers who owe $1,000 or less in total employment tax per year. The first returns will be due January 31, 2007. IRS research has identified that approximately 1 million small employers of the approximately 6 million total Form 941 filers (17%) will be eligible to file Form 944, at the proposed $1,000 tax liability threshold. By filing a single return rather than four per year and paying with their return, most eligible small employers will save millions of hours in form preparation time alone, time that they will be able to devote to running their businesses. The amount of tax due will not change, only number of forms that must be filed and, in most cases, the timing of the payments.

The IRS believes that filing and paying employment taxes should be as easy as possible. By simplifying the process of employment tax filing, more small employers will have the opportunity to more easily comply with the law. Drafts of the new form and instructions will be made available in the near future at www.irs.gov. Interested parties can submit their comments on the new form and instructions to e-mail address form944program@irs.gov.

Bits 'n Pieces

Save with IAPA Discount

G580

G580 is the code to use when ordering any products from Gear Up/Thomson/PPC.

This association discount will provide you with a 10-20 percent savings on all the QuickFinder handbooks, self-study courses, products, Accountant City, and Independent Tax Practitioners Network. You must order by phone or fax to received the discounts.

Not only will you net the discount, but the IAPA will receive a donation for each transaction!

SS Base Wage Increased

Social Security Base Wage is Up The Social Security wage base for 2005 is $90,000, up from $87,900 in 2004. As of January 1, 2005, employers should withhold SS taxes (6.2%) from employees' wages up to $90,000 and withhold Medicare tax (1.45%) on all wages.

Employers must match the tax payments withheld from employees' wages. Employees earn one Social Security credit for each $920 in earnings, up to a maximum of four credits for the year.

CPE Requests

To better help the IAPA Board of Directors decide which courses to make available for our members and peers, let us know what you think. What are your CPE needs? Estates & Trusts? Farm & Ranch? Accounting? Technology? Ethics?

Contact IAPA Education Chairman Jerry Berggren at 375-3742 or drop a note to the IAPA office at iapa@sunvalley.net.

Link for Basic IRS Tools for Tax Professionals

Bookmark this link for easy access to many of the IRS's reference pages!
http://www.irs.gov/taxpros/article/0,,id=118004,00.html

Upcoming IAPA Courses

1-888-208-IAPA

Oct. 24-25 Gear Up 1040
Boise

Oct. 31-Nov.1 Gear Up 1040
Idaho Falls

Other 2005 Classes

Nov. 4-5 **Idaho State Tax Institute,**
Pocatello, 282-3031

2006 IAPA Courses

June 14-17 Annual Convention
Post Falls, ID
Four-states attending with IAPA, OAIA, WAA & MAPA

June 15-16 Technology Seminar
Bob Jennings, 12 CPE

Sept. 18-19 Gear Up Business Entities, Post Falls

Sept. 28-29 Gear Up Business Entities, Twin Falls

Oct. 26-27 Gear Up 1040
Idaho Falls

Nov. 2-3 Gear Up 1040
Boise

IAPA Member Benefit

If you are an IAPA member and attend seminars in Washington, Oregon or Montana, that state's member rates should apply for your registration. IAPA does not issue membership numbers, but on the registrations just indicate you are an IAPA member to receive reduced rates!

Tell your associates this is another of the great benefits of belonging to the IAPA. Our annual dues of $75 have held steady for as long as any of us can remember! But the benefits exceed the price.

We currently have 196 members. With your help, we could easily reach the 200 mark next year! Contact Executive Director **Barb Neiwert** or any of the board members for information on how another public accountant can join IAPA today.

The happiest of people don't necessarily have the best of everything;

they just make the best of everything that comes along their way..."

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