IAPA TODAY

IAPA Idaho Association of Public Accountants

The Newsletter for Idaho's Accounting & Tax Professionals

Volume 9 Issue 3 November 2009

www.iapacct.com

# NSA Works Behind the Scenes for You

By Wilma Christensen, ABA, ATP, ATA, EA

Upon returning from NSA's national convention held in San Diego, I am a bit behind but let me see if I can catch us all up on what's happening. I would first like to congratulate Oregon's own Joyce Funkhouser-Lingelback who won the contested race for NSA's District IX Governor. Joyce will be taking the place of Rex Cruse who has successfully fulfilled his term as District IX Governor. Thank you to Rex for his time, commitment and a job well done.

Sharon Cook of St Louis, MO, won the contested race for second vice president of NSA, placing our 2009 - 2010 slate of line officers as:

- President - Robert L. Cross, Northglenn, Co
- 1st Vice President - Donny Woods, Nashville, AR
- 2nd Vice President – Sharon Cook, St Louis, MO
- Secretary /Treasurer – Steven Hansen, Cokato, MN

Not only were there contested races for the first time in quite a few years, but we also had some proposed bylaw changes to vote on.

1. Proposed Bylaw to Allow a Board Member to Receive a Salary or Fee from NSA with Board Approval - PASSED
2. Proposed Bylaw Amendment to allow all Active and Life Members of NSA to Participate in and vote on all Matters at the Annual Meeting - PASSED
3. Proposed Bylaw to Change the NSA Name - FAILED
4. Proposed Bylaw To Allow Online Voting for NSA Officers, District Governors, State Directors and Bylaw Amendments - TABLED

Immediately after passing the above second bylaw amendment listed above, even thou Idaho had a full delegation, Idaho was able to seat two additional voting delegates giving Idaho eleven seated voting delegates at the NSA Annual Business Meeting. That was great for all of the Idaho member attendees to be able to participate, vote and be heard.

All NSA Members: Don't miss out on the newest member benefits in the Member's Only section of NSA's website www.nas.org. NSA has partnered with CCH to bring a huge added value to NSA members with the CCH Tax Update Service. **Check it out today!!!!!!** If you are not already a member this one benefit alone makes it worth being a member of NSA.

I have just returned from the NSA Districts IX, X and XI State Directors and ASO Officers Meeting held in Seattle. There was a good turn out of State Directors and ASO Presidents along with District IX Governor Joyce Funkhouser-Lingelbach, District X Governor Linda J. Cuddie and District XI Governor Marilyn M. Niwao. Also in attendance was NSA's President Robert Cross.

We had a full agenda ranging from national and state conventions, updates on NSA and ACAT, legislative activities such as Tax Preparer Registration all the way to membership recruitment and retention, and volunteers for NSA committees next year. We managed to get thru the agenda and had a successful meeting. A big Thank you to the WAA for hosting the event!
Be sure to mark your calendars for next year's NSA National Convention in August at the Hyatt Regency in Crystal City, Arlington, VA. The IAPA/OAIA bi-state convention will be held June 16-19 in Lincoln City, OR. If I can be of any assistance or answer any questions please call me at 208-689-3522 or write me at wilmatax@gte.net.

**Inside this issue:**

# AFLAC added as IAPA member benefit

The IAPA and American Family Life Assurance Company of Columbus, better known as Aflac, are proud to announce our partnership to offer IAPA members Aflac insurance policies at group rate discounts!

Aflac is a Fortune 500 company with an A+ Superior rating by A.M. Best, and is the only insurance company to be listed as one of the most ethical companies in America, as published by Ethisphere Magazine. Aflac will be able to meet the current and future needs of the IAPA membership with quality service and exciting products.

Aflac is a worldwide provider with more than 13 products including from Short Term Disability, Dental Insurance, Whole and Term Life, Vision and Health Insurance options. IAPA members will have the ability through the association to customize plan options to fit their individual and business needs. Aflac is offering, free of charge, Cafeteria and Flex spending account set-up with 24-hour access to account and policy information.

IAPA is proud to have local agents Brandon Hoobler and Tay Dennis assist IAPA members with account set-up, individual policy needs, claims, or answer any questions you many have about the partnership or products offered.

Call the Aflac representatives Brandon Hoobler at 208-420-6167 or Tay Dennis at 208-866-4967 to set up an appointment today. Start taking advantage of the group discounts through this new partnership!

# Retirement Plan Navigator Aims to Aid Small Business Owners

The IRS has created a new Web-based tool to help small business owners determine which tax-favored pension plan best suits their needs and how to keep their plans in compliance. The IRS Retirement Plan Navigator is intended to provide employers with an easy-to-use guide that focuses on three areas: choosing a plan, maintaining a plan and correcting a plan.

By using the navigator, employers may find that choosing and maintaining a pension plan is not as daunting as they thought. Some plan types are less costly and easier to establish than others.

The navigator does not suggest which plan may be best for a specific employer but it does lay out the options to allow them to choose one that best fits their situations. The navigator includes a side-by-side comparison of pension plans and their requirements.

The navigator provides a checklist and suggested resources for maintaining compliance. Pension laws change frequently. Employers can minimize problems by doing a once-a-year review to ensure they maintain compliance.

The IRS also recognizes that mistakes can be made unintentionally, and many errors can be corrected without notifying the agency. The navigator offers suggested options to employers seeking to correct errors and bring their plans back into compliance.

Although the Retirement Plan Navigator is aimed at small business owners, it also can help mid-size businesses review their options as well. Individuals who want to better understand their employer's plan may also find it of use. The Web-based guide will be kept up to date as pension laws and regulations change.

# Timber Sales are Reportable Real Estate *by IRS*

The IRS has announced the finalization of amendments to the Income Tax Regulations under section 6045(e) of the Internal Revenue Code. These amendments provide that sales or exchanges of standing timber for lump-sum payments are "reportable real estate" transactions under Treas. Reg. § 1.6045-4. The lump sum sales or exchanges should be reported using Form 1099-S, Proceeds from Real Estate Transactions. The amendments apply to sales completed after May 28, 2009.

This change is in addition to the previously-existing requirement for reporting of pay-as-cut timber sales using Form 1099-S. See Announcement 90-129. The 2009 instructions to Form 1099-S do not reflect this revised requirement.

# *NSA News from Newly-Elected Dist. IX Governor*

*Joyce Funkhouser-Lingelbach, LTC, EA, ATA, ATP, ARA*

The San Diego Annual meeting is just a memory now. However, what a great time we all had with old friends and meeting new ones, great education and interesting business meetings. However, all too soon the Sept.15 and Oct. 15 tax extension deadlines were upon us. I don't know about the rest of you, but this year seemed harder than in previous years.

The District IX, X, and XI meeting was held in Seattle on Oct. 3. We had the honor of having NSA President Bob Cross attend, sharing information on NSA happenings including recent events on national tax preparer registration. The three District Governors—Dist. XI Governor Marilyn Niwao, Dist. X Governor Linda Cuddie, and myself—co-chaired the event.

The items discussed during our meeting included a lengthy dialogue on the national tax preparer registration. We reviewed the licensing law in Oregon, the registration law in California and noted that Maryland and New York are working on legislation. The issues involved with introducing tax preparer licensing in the different states were discussed but we walked away without a definite answer, deciding it is a state-by-state issue.

We also briefly discussed the mobility issue as it involves the accounting industry. Most states have already legislated mobility in some form. Hawaii is one of the states that has not passed mobility. They said that many accountants anticipate the non-resident alien accountant will be brought in to do the work thus creating job problems for American accountants.

**The NSA website has a new CCH tax resource center and is up and running in the Members Only section. Members can access tax information from 18 different CCH publications, all searchable by keyword. This is an excellent member benefit to recruit new NSA members.**

Kathy Hettick and Chris Freeland spoke on the LNC/LSC and the Leadership Development program. The LNC/LSC was held in Baltimore in October and will be in Oklahoma City next year. District IX has two new members entering the Leadership Development Program this year; Marc McConnell from Washington and Kathy Hammer from Alaska – congratulations Marc and Kathy. The district meeting afforded State Directors, ASO Presidents and representatives a chance to network and share ideas on issues involving education, membership and legislation and a chance to set new goals and re-evaluate old goals. Next year's District Meeting will be in Las Vegas, Nevada on Nov. 6.

I just got back from the NSA Board of Governors meeting in Scottsdale. This board meeting started with a retreat to enable the Board to review the books President Cross assigned us to read, *The Speed of Trust* by Stephen M.R.Covey and *The Five Dysfunctions of a Team* by Patrick Lencioni. Covey's book is a leadership challenge on building trusting professional relationships. Trust not only in self trust but also relationship trust and of course stakeholder trust. The Lencioni book gave us an analysis of what makes teams work effectively. Kathy Hettick and Carolynn Holomon led the group discussion on information contained in the two books. The retreat enabled the board to get to know each other on a different level. I would recommend both of these books.

A new NSA webinar on the Enrolled Agents Exam will be will presented by John O. Everett, Ph.D., CPA, a nationally recognized tax lecturer and author of the *NSA Enrolled Agents Review Course*. This is a four session webinar held on Nov. 17, Dec.1, Dec. 8 and Dec.15. Each webinar will offer two hours of CPE credit. For a complete list of NSA webinars, go to webinars.nsacct.org or call 800-988-6689.

ACAT President, Daniel Setters said ACAT would accept, as qualifying CPE, CPE accepted by any licensee's state board or any CPE accepted by the IRS.

During the Scottsdale meeting our board joined the NASBA board for dinner. This was an enjoyable evening allowing us to share ideas and get to know the members of the NASBA Board in a relaxed atmosphere. This was my first board meeting as Dist. IX Governor and I found the experience both challenging and interesting. What a great board to work with.

***The newest NSA member benefit, CCH IntelliConnect, is now online on the member only webpage at www.nsacct.org Members get access to free tax research and updates.***

## *Expanded Loss Carryback Option Good for Most Business* *by IRS*

Most businesses may use losses incurred during the economic downturn to reduce income from prior tax years, under a revenue procedure issued today by the Internal Revenue Service.

The relief provided under the Worker, Homeownership, and Business Assistance Act of 2009 differs from similar relief issued earlier this year in that the previous relief was limited to small businesses.

The current relief is applicable to any taxpayer with business losses, except those that received payments under the Troubled Asset Relief Program. The relief also applies to a loss from operations of a life insurance company.

Taxpayers under the procedure may elect to carry back a net operating loss (NOL) for a period of three, four or five years, or a loss from operations for four or five years, to offset taxable income in those preceding taxable years. An NOL or loss from operations carried back five years may offset no more than 50 percent of a taxpayer's taxable income in that fifth preceding year. This limitation does not apply to the fourth or third preceding year.

The procedure applies to taxpayers that incurred an NOL or a loss from operations for a taxable year ending after Dec. 31, 2007, and beginning before Jan. 1, 2010.

## *Expanded Recovery Act Tax Credits Help Homeowners Winterize their Homes, Save Energy; Check Tax Credit Certification Before Buying*

People can now weatherize their homes and be rewarded for their efforts. According to the IRS, homeowners making energy-saving improvements this fall can cut their winter heating bills and lower their 2009 tax bill as well. The American Recovery and Reinvestment Act (Recovery Act), enacted earlier this year, expanded two home energy tax credits: the non-business energy property credit and the residential energy efficient property credit.

### Non-business Energy Property Credit

This credit equals 30 percent of what a homeowner spends on eligible energy-saving improvements, up to a maximum tax credit of $1,500 for the combined 2009 and 2010 tax years. The cost of certain high-efficiency heating and air conditioning systems, water heaters and stoves that burn biomass all qualify, along with labor costs for installing these items. In addition, the cost of energy-efficient windows and skylights, energy-efficient doors, qualifying insulation and certain roofs also qualify for the credit, though the cost of installing these items does not count.

By spending as little as $5,000 before the end of the year on eligible energy-saving improvements, a homeowner can save as much as $1,500 on his/her 2009 federal income tax return. Due to limits based on tax liability, other credits claimed by a particular taxpayer and other factors, actual tax savings will vary. These tax savings are on top of any energy savings that may result.

### Residential Energy Efficient Property Credit

Homeowners going green should also check out a second tax credit designed to spur investment in alternative energy equipment. The residential energy efficient property credit, equals 30 percent of what a homeowner spends on qualifying property such as solar electric systems, solar hot water heaters, geothermal heat pumps, wind turbines, and fuel cell property. Generally, labor costs are included when calculating this credit. Also, no cap exists on the amount of credit available except in the case of fuel cell property.

Not all energy-efficient improvements qualify for these tax credits. For that reason, homeowners should check the manufacturer's tax credit certification statement before purchasing or installing any of these improvements. The certification statement can usually be found on the manufacturer's website or with the product packaging. Normally, a homeowner can rely on this certification. The IRS cautions that the manufacturer's certification is different from the Department of Energy's Energy Star label, and not all Energy Star labeled products qualify for the tax credits.

Eligible homeowners can claim both of these credits when they file their 2009 federal income tax return. Because these are credits, not deductions, they increase a taxpayer's refund or reduce the tax he or she owes. An eligible taxpayer can claim these credits, regardless of whether he or she itemizes deductions on Schedule A. Use Form 5695, Residential Energy Credits, to figure and claim these credits. A draft version of this form is available now on IRS.gov.

# Tax Planning: Roth IRAs *from Bob Jennings Newsletter at Taxspeaker.com*

As we near the end of the year many of our clients will be in an unusual position for 2009 with low taxable income and low retirement plan values. This might be an ideal time to suggest converting the taxable accounts to Roth IRAs by the end of the 2009 year.

A few things to remember for conversion in 2009:

1. Modified AGI (without the conversion $$) must be under $100,000 for both single and married filers. Married separate filers may not convert.
2. All conversions for 2009 must be completed by 12/31/2009.
3. The conversion dollars create taxable income, not tax. If a client has minimal income in 2009 this may mean the conversion is made at no net tax cost.
4. Conversions are not subject to a penalty upon conversion.
5. All future appreciation will be tax-free. This means that the conversion of current low-valued stock may reap the benefit of any future price appreciation without tax, while being converted at the current low fair market value.
6. Any amount may be converted from nearly any account, including traditional IRAs, SEP's, SIMPLE's, 401-k's and other traditional qualified plans. There is no requirement to convert the entire balance in any account.
7. Future Roth IRA amounts are not subject to RMD requirements, and may be passed on to the heirs. The heirs do not usually have to pay tax on the withdrawals, unless the deceased had not yet met the 5 year holding period test for the Roth account, and even then just on the earnings. The kids have to take the money out either over their lifetime or in full by 5 years after the date of death, benefitting from all those years of tax-free growth, making the Roth IRA the golden goose of inherited assets.
8. The current tax rates on the conversion dollars are the lowest rates most of us will ever see in our life times.
9. Effective 1/1/2010 the $100,000 test is eliminated, but that will only affect 2010 conversions. If the taxpayer has income in 2010 and minimal income in 2009, more of the conversion will be taxed and waiting is NOT the correct choice. Taxable income arising from 2010 conversions will be included in 2011 and 2012 tax returns, making this a factor to consider for someone approaching 2010 retirement.
10. Some of us, the author included, believe that Congress at some point in the future will make Roth IRAs taxable, and may counsel against conversion. If you do not think this is possible, think of the Social Security system.
11. Smart retirees will draw from their Roth IRAs tax-free at retirement, postponing tax and taxable withdrawals from other accounts until mandatory withdrawals for those other accounts kick in at age 70 and 1/2. This plan also keeps Social Security from becoming taxable in these years for many taxpayers!

# EA Exam Study Course

NSA is offering a special four-part Webinar series for individuals looking for in-depth preparation for the top ten areas covered in each section of the Enrolled Agents exam. This program will be presented by John O. Everett, Ph.D., CPA, a nationally recognized tax lecturer and author of the NSA Enrolled Agents Review Course.

Following are the dates and topics:

Nov. 17 – EA Exam Top 10 Topics – Part 1: Individuals
Dec. 1 – EA Exam Top 10 Topics – Part 2: Businesses
Dec. 8 – EA Exam Top 10 Topics – Part 2: Businesses
Dec. 15 – EA Exam Top 10 Topics – Part 3: Representation,

Each webinar offers 2 hours of Continuing Professional Education (CPE) credit.

NSA is approved as a provider of continuing professional education by the National Association of State Boards of Accountancy, the Internal Revenue Service, the Accreditation Council for Accountancy and Taxation, and the California Tax Education Council.

A complete list of NSA Webinars can be found at webinars.nsacct.org. More information is also available by calling NSA at 1-800-966-6679.

# CCH Discount Code = Y5753
# QuickFinder Discount Code = G580

## *Welcome New Members!*

**Joseph Fischenich**, CPA, Ketchum
**Jana Peck**, CPA, Twin Falls

Thanks for joining the ranks of Idaho's accounting and tax professionals! Your support is immeasurable and you are all an asset to the association.

## *1040 Drawing Winners!*

As a ***Thank You*** to all of you who attend our Gear Up tax update seminars each fall, the IAPA Board of Directors gives away 4 seminars each fall. This year's winners are:

- **Lorne Engleson**, Pocatello
- **Ryan Robinson**, Pocatello
- **Terry Bayless**, Meridian
- **Sandra Hartwig**, Pocatello

## *Retirement Estimator*

Social Security's online *Retirement Estimator*, available at www.socialsecurity.gov/estimator, can now be used to provide immediate and personalized benefit estimates to Medicare only beneficiaries. This means that people who have enrolled in Medicare, but have not yet filed for Social Security benefits, will no longer need to contact their local office to obtain an estimate of their retirement benefits.

## *S Corps tax updates*

TD 9469 contains final regulations that provide guidance on the manner in which an S corporation reduces its tax attributes under section 108(b) for taxable years in which the S corporation has discharge of indebtedness income that is excluded from gross income under section 108(a). In particular, the regulations address situations in which the aggregate amount of the shareholders' disallowed section 1366(d) losses and deductions that are treated as a net operating loss tax attribute of the S corporation exceeds the amount of the S corporation's excluded discharge of indebtedness income. The regulations affect S corporations and their shareholders.

## *Newsletter via Email Anyone?*

If you would prefer to receive your newsletter via email rather than snail mail, just let Barb know by emailing her at barb@iapacct.com or calling at 1-888-866-2160. You can get the latest news about a week earlier by checking the newsletter online at www.iapacct.com.

## *2010 Seminar Schedule*

**-2010-**

1-888-208-IAPA

| | |
|---|---|
| June 16-19 | **IAPA/OAIA Convention & Annual Meeting** Lincoln City, OR |
| Sept. 23-24 | **Gear Up Business Entities,** Post Falls 8 am—4 pm Red Lion Templin's |
| Oct. 4-5 | **Gear Up Business Entities**, Twin Falls 8 a.m.—4 p.m. Red Lion Canyon Springs Hotel |
| Oct. 28-29 | **Gear Up 1040** 8 am-4:30 pm Idaho Falls Shilo Inn |
| Oct. 28 | **Gear Up Ethics** 5 pm—7 pm Idaho Falls Shilo Inn |
| Nov. 8-9 | **Gear Up 1040** 8 am-4:30 pm Boise, DoubleTree Riverside Hotel |
| Nov. 8 | **Gear Up Ethics** 5 pm to 7 pm Boise, DoubleTree Riverside |

## *IAPA*
## *Board of Directors Meeting*

| | |
|---|---|
| Oct. 4 | Twin Falls, ID Canyon Springs Hotel 4:15 p.m. |

All members are welcome to attend!


*"IAPA Today;" is the official publication of the Idaho Association of Public Accountants. Editor: Barbara Neiwert, P.O. Box 1106, Hailey, Idaho 83333, toll free 1-888-866-2160. Opinions expressed herein are those of the individual writer and not necessarily those of the Association or editor. Advancement of the profession of public accountancy is the principal aim of the publication.*

Idaho Association of Public Accountants

PO Box 1106
Hailey, Idaho 83333-1106

Happy, Happy Holidays, Everyone!

## *Try Jennings' Streaming Webcasts for CPE*

*Receive 10% Discount go to: www.taxspeaker.com/aff/?iapa*

**Looking for Last-Minute CPE for 2009?** The IAPA has partnered with Jennings Seminars for an offer that provides you with discounts for all his live-streaming webcasts, eBooks, and self-study courses.

**What is a Live Streaming Seminar?** It's just like being at a live seminar from the comfort of your office or home. You will watch Bob on your computer screen or a large monitor hooked to your computer. Just like you were there without the HIGH TRAVEL costs. Breaks in the morning, a break for lunch and afternoon break if applicable.

### IAPA Members and Colleagues Received Discounted Pricing

IAPA members and other colleagues who register for the Jennings Live Streaming Webcasts using the web address www.taxspeaker.com/aff/?iapa will receive a 10% discount over the regular pricing. A link to this address will soon be available on the home page of our web site at www.iapacct.com, but you can access it now by typing it in your browser.

**Registration is Easy!** Check out the schedule of CPE at www.taxspeaker.com.

### Enjoy the Discount and Help Out Your Association

While you reap the benefits of earning your CPE without leaving your home or office—and with discounted pricing—you are helping our your association as well. The IAPA will receive a percentage of registration price as well so that we may continue to provide quality CPE offerings, scholarship opportunities for college students, and legislative oversight on matters that affect you!