

## District IX Governor's Message

By Rex Cruse, EA, ABA, ATA, NSA Governor District IX

I will take just a few moments, to tell you a little about what happened at the Annual Meeting, in Kansas City. The newly elected officers installed were James H. Nolen, President; Robert L. Cross, First Vice President; Donny J. Woods, Second Vice President and Steven J. Hanson, Secretary-Treasurer. Governors for Districts II, IV, VI, VIII and X were elected for two-year terms ending in 2001. Elected to first terms were W. Raymond Bucks, District II; Perry W. Smith, District VI; and Linda J. Cuddie, District X. Re-elected to second terms were Martha A. Bell, District IV, and R. Deane Wymer, District VIII.

State Directors stood for election in Districts I, III, V, VII, IX and XI. Elected to first terms, from District IX, were Paula Laurion (Alaska), Judy Shoemaker (Colorado), Susan Robertson (Oregon), and Kathy Hettick (Washington). Re-elected were

**Wilma Christensen (Idaho)**, Rebecca B. Spencer (Montana) and Julane M Wood (Wyoming). The Accountant of the year award was presented to Joan C. LeValley, for her accomplishments as a leader of the Illinois Society, NSA, her community and the accounting profession. The Affiliated State Organization (ASO) of the year was given to North Carolina Society of Accountants for work in education, member recruitment, public policy, public relations and its support for NSA. Leonard L. Larson was honored with the Norma Kraus Memorial Award as State Director of the Year. Leonard is the retiring State Director of Washington.

The Distinguished Service Award was presented to Roger Berryman in recognition of his significant and exemplary contributions for the betterment of NSA and its membership as well as the accounting profession. The Keith Billings Memorial Award was presented to two outstanding ASO publications. For ASO's with more than 300 members, the award went of Debits and Credits, published by the Independent Accountants Association of Illinois. For ASO's with fewer than 300 members, the award went to The Pennsylvania Accountant, published by the Pennsylvania Society of Public Accountants. The National Editorial Award was presented to two winners. John E. Laconco for "Ethics and Ethical

Behavior" which appeared in the Minnesota Association of Public Accountants Newsletter. Roger Berryman was honored for the best state president's article, appearing in the Oklahoma Accountant Register.

The Charles W. McAllister Award was presented to ASO's in three categories honoring them for the highest net increase in NSA membership during the past year. For states with membership of less than 100, the award went to the West Virginia Public Accountants Association. For states with 101 to 500 members, the award went to the South Carolina Society of Accountants. For states with 501 to 1,000 members, the award went to the New York Society of Independent Accountants. Bill Parrish earned the Speaker of the Year Award for his presentations at the nationwide IRS Tax Forums and the NSA ConnectED Webinar Series. Receiving blue blazers as new members to the "Ten Plus Club Member-Get-a-Member Program" were Steven R. Desdier, Joyce Funkhouser-Lingelbach and Leonard L. Larson.

The District IX, X & XI State Directors & ASO Presidents Meeting will be held October 30th at the Crowne Plaza Hotel Phoenix Airport, Phoenix, Arizona. This meeting is being scheduled the day before the NSA Legislative/Leadership Conference,

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## *Deadline approaching for Accredited Tax Preparer Waivers by NSA*

December 31, 2008, is the deadline for Accredited Tax Preparer Waivers. ACAT, the Accreditation Council for Accountancy and Taxation, had begun to create stand-alone examinations for the Accredited Tax Advisor (ATA) and Accredited Tax Preparer (ATP) credentials. As part of the change-over, ACAT is ending several current methods of obtaining the ATP credential.

Potential credential holders have until December 31, 2008, to obtain the ATP credential by:

- \* 60-Hour Qualifying Education Registration – You must demonstrate the successful completion of at least 60 hours of qualifying education (CPEs) in tax preparation and/or planning.
- \* CTEC-Registered Tax Preparer Registration – CTEC members are pre-qualified.
- \* Existing Eligible Credential Registration – Enrolled Agents, Certified Public Accountants, state licensed accountants, attorneys, current ATA credential holders and persons with a graduate degree (Master's degree or higher) in taxation are pre-qualified.

All credential applicants must have three years experience in taxation.

Chris Gerig, ABA, President of ACAT, said “these are exciting times for ACAT. With the upgrade of our credentials to full exam status we will be offering taxation professionals credentials that accurately measure their proficiency.”

Specific credential details and applications are available at: <http://www.acatcredentials.org/credentials/ATP.htm>

## *Fourth Quarter 2008 Interest Rates*

The IRS has announced in Revenue Ruling 2008-47 that interest rates for the calendar quarter beginning Oct. 1, 2008 will increase by one percentage point.

The new rates are:

- Six (6) percent for overpayments [five (5) in the case of a corporation];
- Six (6) percent for underpayments;
- Eight (8) percent for large corporate underpayments; and
- Three and one-half (3.5) percent for the portion of a corporate overpayment exceeding \$10,000.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points. Generally, in the case of a corporation, the underpayment rate is the federal short-term rate plus 3 percentage points and the overpayment rate is the federal short-term rate plus 2 percentage points. The rate for large corporate underpayments is the federal short-term rate plus 5 percentage points. The rate on the portion of a corporate overpayment of tax exceeding

\$10,000 for a taxable period is the federal short-term rate plus one-half (0.5) of a percentage point.

The interest rates announced today are computed from the federal short-term rate based on daily compounding determined during July 2008.

Revenue Ruling 2008-47, announced the new rates and was published in Internal Revenue Bulletin 2008-39 on September 29, 2008.

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at the same hotel, hoping we can save money for NSA, and the ASO's who send the presidents or other state officers to the District IX, X and IX Meeting and/or the Legislative/Leadership Conference. If you need additional information or have any questions regarding the above

meetings contact me or go to NSA's website at <http://www.nsacct.org>.

Just one final note, if anyone wants to become an Accredited Tax Advisor (ATA) or an Accredited Tax Preparer (ATP) using the ACAT 60-Hour Qualifying Education Application or the ACAT Existing Eligible Credential

Application, do it now. Both of these programs will be discontinued December 31, 2008. After December 31, 2008 the only way to obtain these credentials will be to sit for and pass the examinations.

## Tax Credit to Aid First-Time Homebuyers by IRS

First-time homebuyers should begin planning now to take advantage of a new tax credit included in the recently enacted Housing and Economic Recovery Act of 2008.

Available for a limited time only, the credit:

- Applies to home purchases after April 8, 2008, and before July 1, 2009.
- Reduces a taxpayer's tax bill or increases his or her refund, dollar for dollar.
- Is fully refundable, meaning that the credit will be paid out to eligible taxpayers, even if they owe no tax or the credit is more than the tax that they owe.

However, the credit operates much like an interest-free loan, because it must be repaid over a 15-year period. So, for example, an eligible taxpayer who buys a home today and properly claims the maximum available credit of \$7,500 on his or her 2008 federal income tax return must begin repaying the credit by including one-fifteenth of this amount, or \$500, as an additional tax on his or her 2010 return.

Eligible taxpayers will claim the credit on new IRS Form 5405. This form, along with further instructions on claiming the first-time homebuyer credit, will be included in 2008 tax forms and instructions and be available later this year on IRS.gov, the IRS Web site.

If you bought a home recently, or are considering buying one, the following questions and answers may help you determine whether you qualify for the credit.

### Q. Which home purchases qualify for the first-time homebuyer credit?

A. Only the purchase of a main home located in the United States qualifies and only for a limited time. Vacation homes and rental property are not eligible. You must buy the

home after April 8, 2008, and before July 1, 2009. For a home that you construct, the purchase date is the first date you occupy the home.

Taxpayers who owned a main home at any time during the three years prior to the date of purchase are not eligible for the credit. This means that first-time homebuyers and those who have not owned a home in the three years prior to a purchase can qualify for the credit.

If you make an eligible purchase in 2008, you claim the first-time homebuyer credit on your 2008 tax return. For an eligible purchase in 2009, you can choose to claim the credit on either your 2008 (or amended 2008) or 2009 return.

### Q. How much is the credit?

A. The credit is 10 percent of the purchase price of the home, with a maximum available credit of \$7,500 for either a single taxpayer or a married couple filing jointly. The limit is \$3,750 for a married person filing a separate return. In most cases, the full credit will be available for homes costing \$75,000 or more. Whatever the size of the credit a taxpayer receives, the credit must be repaid over a 15-year period.

### Q. Are there income limits?

Yes. The credit is reduced or eliminated for higher-income taxpayers. The credit is phased out based on your modified adjusted gross income (MAGI). MAGI is your adjusted gross income plus various amounts excluded from income—for example, certain foreign income. For a married couple filing a joint return, the phase-out range is \$150,000 to \$170,000. For others, the phase-out range is \$75,000 to \$95,000.

This means the full credit is available for married couples filing a joint return whose MAGI is \$150,000 or less and for other taxpayers whose MAGI is \$75,000 or less.

### Q. Who cannot take the credit?

A. If any of the following describe you, you cannot take the credit, even if you buy a main home:

- Your income exceeds the phase-out range. This means joint filers with MAGI of \$170,000 and above and other taxpayers with MAGI of \$95,000 and above.
- You buy your home from a close relative. This includes your spouse, parent, grandparent, child or grandchild.
- You stop using your home as your main home.
- You sell your home before the end of the year.
- You are a nonresident alien.
- You are, or were, eligible to claim the District of Columbia first-time homebuyer credit for any taxable year.
- Your home financing comes from tax-exempt mortgage revenue bonds.
- You owned another main home at any time during the three years prior to the date of purchase. For example, if you bought a home on July 1, 2008, you cannot take the credit for that home if you owned, or had an ownership interest in, another main home at any time from July 2, 2005, through July 1, 2008.

### Q. How and when is the credit repaid?

A. The first-time homebuyer credit is similar to a 15-year interest-free loan. Normally, it is repaid in 15 equal annual installments beginning with the second tax year after the year the credit is claimed. The repayment amount is included as an additional tax on the taxpayer's income tax return for that year. For example, if you properly claim a \$7,500 first-time homebuyer credit on your 2008 return, you will begin paying it back on your 2010 tax return.

## **Identity Theft—Yours and Your Employees'** *by American Payroll Association*

Your business is a repository of valuable information, which, in the wrong hands, could bring financial ruin to you and your employees. Payroll records alone include far more than a data thief would need to steal a person's identity. Such records include employees' names, addresses, and social security numbers at a minimum, but might also include their bank account information, health insurance information, and more. Businesses also have the need to store certain information on customers and vendors - all the more reason to be aware that data breaches happen in the United States nearly every day.

A thief using another person's identity can steal money, ruin credit histories that have taken years to build, and generally cause havoc for the victim. Businesses can also be victims, since a data breach—whether caused by computer hackers, cat burglars, or an absent-minded employee who loses a laptop— can tarnish a business' reputation and incur costs in complying with state laws on data breach notification.

### **Security Best Practices**

"One man's trash is another man's treasure" never had greater meaning than in the context of identity theft. Companies should go to great

lengths to ensure that they dispose of personally identifiable information in such a way that it cannot be read or reconstructed.

Knowing what data you're storing and who has access to it is the first step in data security. Employee and business information may be stored in file cabinets, computer hard drives, network drives, e-mails, thumb drives, diskettes, tapes, etc. Employees who telecommute may also store information on their home computers.

As a rule, if you don't have a business need to store personally identifiable information, you shouldn't. Better, don't ask for it. For example, stock application forms might contain a space for the social security number. Until an individual is hired, there is no use for that number. However, the forms can become a liability as you hold onto them, according to company practice and/or labor law requirements, even though an applicant is not hired.

The best way to protect sensitive information depends entirely on the type of information and how it is stored. Physical security includes the most obvious measures such as locking doors and cabinets, but can also include implementing clean desk

policies, monitoring offsite storage, and tracking package shipments.

Storing sensitive information on laptop hard drives is particularly risky, so companies should consider allowing laptops to access central computers, but not actually store information to the hard drive. You and your employees should also be aware of "phishing" schemes, in which unsolicited e-mail messages ask for sensitive data.

### **Doing nothing is not an option**

It is important for companies to know how to respond to an event before it happens. In the event of a breach, a company will generally need to notify law enforcement, customers, consumers (including employees), credit bureaus, and other companies that may be affected by the breach. Federal law has been slow to develop with regard to data breaches, but 45 states now have laws addressing companies' responsibilities in the event of a breach.

Every company must know this: doing nothing is not an option. Help is available to learn how to minimize the risk of a data breach, how to detect one, and what to do when it is discovered.

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Normally, \$500 will be due each year from 2010 to 2024.

You may need to adjust your withholding or make quarterly estimated tax payments to ensure you are not under-withheld.

However, some exceptions apply to the repayment rule. They include:

- If you die, any remaining annual installments are not due. If you filed a joint return and then you die, your surviving spouse would be required to repay his or her half of the re-

maining repayment amount.

- If you stop using the home as your main home, all remaining annual installments become due on the return for the year that happens. This includes situations where the main home becomes a vacation home or is converted to business or rental property. There are special rules for involuntary conversions. Taxpayers are urged to consult a professional to determine the tax consequences of an involuntary conversion.
- If you sell your home, all remaining annual installments become due

on the return for the year of sale.

The repayment is limited to the amount of gain on the sale, if the home is sold to an unrelated taxpayer. If there is no gain or if there is a loss on the sale, the remaining annual installments may be reduced or even eliminated. Taxpayers are urged to consult a professional to determine the tax consequences of a sale.

- If you transfer your home to your spouse, or, as part of a divorce settlement, to your former spouse, that person is responsible for making all subsequent installment payments.

## Introducing:



As a new IAPA member benefit, the IAPA Board of Directors is pleased to introduce an insurance program *for* IAPA members.

Your association has teamed up with the **IAPA Benefits Team** of  
 Reno Jones  
 Nick Cunnington, and  
 Chad Hanson  
 to bring you a wealth of experience in the insurance arena.

**IAPA Benefits** provides IAPA members (and their clients) one-stop access to industry-specific insurance products and services. As a valued member of the IAPA, you are eligible for *member only* discounted products, with some discounts ranging from 10-30%.

As a small business, you know it can be difficult to secure adequate insurance coverage at affordable pricing. Take a look at what IAPA Benefits can mean to you.

### ◀ **Group Benefits**

Health (all plan designs), Dental, Vision, STD, LTD, Key Person, and coordination between group and individual policies.

### ◀ **Business Insurance**

General liability, Professional Liability (E&O), Executive Risk (D&O, EPLI, Fidelity, Crime), Property, Worker's Compensation, Group Captive Programs, Key Person, Buy-Sell Agreement Funding, Business Overhead Expense

### ◀ **Individual Benefits**

Health, Dental, Life, Long-Term Care, Disability Income & Financial Planning

Whether you are looking for an insurance consult, or a specific product to fulfill your needs, the IAPA Benefits Team is ready to assist. A Web site link and online forms are available at [www.iapacct.com](http://www.iapacct.com).

Visit one of the CunningtonJones booths at the 1040 Gear Up programs this month. Or for immediate service, call 208-380-3307 or send an email to [renojones@finsvcs.com](mailto:renojones@finsvcs.com).





### New members welcomed!

A hearty welcome to our newest members!

**Andrea Barthlome**, Grace  
**Dawn Bingham, EA**, Blackfoot  
**Patrick Clayton**, Boise  
**Tristan John, CPA**, Idaho Falls  
**Ryan Kearsley**, Victor  
**David Larson, CPA**, Afton, WY  
**Tammy Larson, ATP**, Twin Falls  
**Corey Miles, CPA**, Afton, WY  
**Nyle Taylor, CPA**, Pocatello

### 2008 Seminar Schedule

**-2008-**  
**1-888-208-IAPA**

- |            |   |
|------------|---|
| Oct. 23-24 | <b>Gear Up 1040</b><br>8 am-4:30 pm<br>Idaho Falls, Shilo                     |
| Oct. 23    | <b>Gear Up Ethics</b><br>5 pm—7 pm<br>Idaho Falls, Shilo                      |
| Oct. 30-31 | <b>Gear Up 1040</b><br>8 am-4:30 pm<br>Boise, DoubleTree<br>Riverside Hotel   |
| Oct. 30    | <b>Gear Up Ethics</b><br>5 pm to 7 pm<br>Boise, DoubleTree<br>Riverside Hotel |
- Bi-State Convention 2009
- |            |   |
|------------|---|
| June 17-19 | Boise, Idaho<br>DoubleTree<br>Riverside Hotel                     |
| June 18-19 | Technology Update<br>Seminar by<br>Bob Jennings<br>12 CPE credits |

### Congratulations on Retirement

We have received news that the following IAPA members have elected to put away their calculators and instead work on a variety of other endeavors as they announce their retirements from their accounting practices. Congratulations to you both!

**Carol Jean Biando**, LPA

Kuna  
and

**John Moline**

Gooding

(If you need to find John, check out his ranch in Fairfield—if he's not there, he tells us he will be travelling!)

### Estimate SS Benefits

Estimating your future retirement benefits is now easier than ever before at [www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator).

The online Retirement Estimator is a personalized, convenient and secure financial planning tool that lets you calculate how much you might expect to receive in Social Security benefits when you retire.

Since it is tied to your actual Social Security earnings record, the Retirement Estimator eliminates the need for you to manually key in years of earnings information. It also is interactive and allows you to compare different retirement options by changing your "stop work" dates or expected future earnings. To protect your privacy, only your benefit estimates are provided online. The Retirement Estimator does not reveal any of your personal information, such as your address or earnings information.



**October 2008**

### IAPA Directory is Online

Last year the IAPA Board of Directors moved to discontinue hard-copy publication of our Annual Directory.

The reasoning was twofold: cost savings due to increased printing and postage rates, and the contact information for our members is contained on the IAPA Web site at [www.iapacct.com](http://www.iapacct.com).

The Web site gives us the opportunity to provide up-to-date information. Take a minute to check it out to see if your information is correct, and if not, give Barb Neiwert a call. And if you ever need a mailing address for one of our members, call -888-208-4272.

### Identity Theft Victims Call

If you or any of your clients believe you are victims of identity theft, find out what to do at [IRS.gov](http://IRS.gov). Need additional help? Call the IRS Identity Protection Specialized Unit toll-free at 1-800-908-4490.

*"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 1-888-208-4272. 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.*

#### **BOARD OF DIRECTORS:**

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**Nampa;**

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



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## *IAPA Member Benefits*

## *IAPA Objectives*

- ➡ Tax and CPE Seminars
- ➡ Discounted Registration Fees
- ➡ Promotional Web Site
- ➡ IRS & Idaho State Board Liaisons
- ➡ Legislative Monitoring
- ➡ Scholarships
- ➡ Insurance Programs
- ➡ Software Discounts
- ➡ Reference Material Discounts
- ➡ Rental Car Discounts
- ➡ Peer-to-Peer Networking
- ➡ Leadership Opportunities
- ➡ Quarterly Newsletter

- ➡ Perpetuate the prestige and status of the accounting profession
- ➡ Encourage accountants in a continuing program of professional development
- ➡ Promote and protect the interests of accountants and tax professionals
- ➡ Encourage professional levels of competence, character and integrity
- ➡ Promote the highest standard of ethical conduct among member
- ➡ Provide legislative oversight for the best interests of accounting professionals
- ➡ Provide meetings and fellowship
- ➡ Cultivate a spirit of cooperation among members