

District IX Governor's Message

by Rex Cruse, EA, ABA, ATA

Have you noticed the changes on the NSA Web site? If not take a few minutes to go to www.nsacct.org and take a look - I think you will like what you find. The new Member-Link debuted in October. The format has a new design, complete with a masthead and enhanced links to many sections of the NSA Web site - from the calendar to ACAT to the Tax Help Desk. It is a work in progress and you will see improvement with each new issue. In addition, we also now have access to reports about the MemberLink, such as delivery success and failure, and who shares MemberLink with others, as well as other useful information.

President Bob Fukuhara has appointed Past President Wanda Samek as NSA's representative to the IRS and Thompson Prometric with respect to future EA exam reviews. Wanda will participate in a review of

the current exam in Baltimore during the early part of December as well as future meetings during the early part of 2007.

The NSA Board of Governors met in Salt Lake City, UT on October 27-28, followed by the District IX, X and XI meeting on October 29. President Bob Fukuhara was not able to stay for our District meeting because he and Executive Vice President, John Ams, had to rush off to attend the NASBA Annual Meeting in Atlanta following our Board Meeting. NASBA released, for comments, several proposed changes to the UAA including a change to the rules for substantial equivalency.

We were very pleased to have First Vice President, Andrew Morehead, Second Vice President, James Nolen, and Past President, Wanda Samek, attend and participate in our District meeting. Guests present for part of

the meeting were Past President, Daniel Setters, Governor of District I, Sandy Martin, and Governor of District V, Harlan Rose. We had all of the State Directors, and all but two of the ASO Presidents, from District IX, in attendance. The attendance from District X and XI was not what I hoped it would be. We will need to work on this for next year. We had a very good meeting with many excellent questions and comments. We will get the agenda out in advance of the meeting, next year so the attendees can be more prepared for the meeting.




The holiday season is fast upon us and tax season isn't far behind. I hope all of you have a very joyous holiday season and a very prosperous tax season.

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2007 Mileage Rates Announced

The IRS issued the 2007 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes. Beginning Jan. 1, 2007, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

-  48.5 cents per mile for business miles driven;
-  20 cents per mile driven for medical or moving purposes; and
-  14 cents per mile driven in service to a charitable organization.

2007 Inflation Adjustments Widen Tax Brackets, Expand Benefits

Personal exemptions and standard deductions will rise, tax brackets will widen and income limits for IRAs will increase in 2007, thanks to inflation adjustments announced today by the Internal Revenue Service.

By law, the dollar amounts for a variety of tax provisions must be revised each year to keep pace with inflation. As a result, more than three dozen tax benefits, affecting virtually every taxpayer, are being adjusted for 2007. Key changes affecting 2007 returns, filed by most taxpayers in early 2008, include the following:

- The value of each personal and dependency exemption, available to most taxpayers, will be \$3,400, up \$100 from 2006.
- The new standard deduction will be \$10,700 for married couples filing a joint return (up \$400), \$5,350 for singles and married individuals filing separately (up \$200) and \$7,850 for heads of household (up \$300). Nearly two

out of three taxpayers take the standard deduction, rather than itemizing deductions, such as mortgage interest, charitable contributions and state and local taxes.

- Tax-bracket thresholds will increase for each filing status. For a married couple filing a joint return, for example, the taxable-income threshold separating the 15-percent bracket from the 25-percent bracket will be \$63,700, up from \$61,300 in 2006.

In 2007, for the first time, inflation adjustments will raise the income limits that apply to the retirement savings contributions credit, contributions to a Roth IRA and deductible contributions to a traditional IRA where the taxpayer or the taxpayer's spouse is covered by a retirement plan at work.

Revenue Procedure 2006-53 contains a complete run-down of inflation adjustments.

Be glad you don't live on the East Coast this year . . .

Individuals in six eastern states and the District of Columbia will have an extra day until April 17, 2007, to file their 2006 returns and pay any taxes due.

Taxpayers served by the Andover, Mass., IRS processing center will receive an additional day to file and pay because April 16, 2007, is Patriot's Day, a state holiday in Massachusetts. Thus, the April 17, 2007, deadline will apply to individuals in Maine, Maryland, Massachusetts, New Hampshire, New York, Vermont and the District of Columbia. To avoid confusion, all individuals in these states will get the extra day, even though in some cases, they are instructed to send payments or returns to locations outside Massachusetts.

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Where's My Refund?

Where's My Refund?—one of IRS' most popular online features—gives your clients access to information about their individual federal income tax refunds, regardless of whether they asked IRS to direct deposit their refunds to one, two or three accounts or to mail them paper checks.

Other features let your clients:

- Initiate a refund trace to re-issue lost or missing paper checks; and
- Update their mailing addresses if the Postal Service returned their checks to IRS as undeliverable.

Your clients can access Where's My Refund? at IRS.gov. Clients without Internet access can get the same information by calling IRS' Refund Hotline at 1-800-829-1954.

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Tidbits

NSA Advocacy

NSA constantly monitors developments at the Internal Revenue Service and serves as your eyes and ears inside the IRS. Through regular meetings with IRS officials, NSA works to influence IRS practice, procedure and operations to promote the interests of practitioners and your clients. *You can play a major role this work by keeping NSA apprised of problems you experience in dealing with the IRS.*

In addition, if you attend a local IRS/Practitioner liaison meeting, please take a few minutes and fill out an ASO-IRS Liaison Meeting Report and send it to the NSA national office. By completing this form, you can alert NSA to developments in the field and help elevate important issues to the national level.

ACAT Fees Dropped

In response to member comments, the ACAT Board of Directors has reviewed the accreditation fee schedule. Effective Sept. 1, 2006, the fee for the Accredited Tax Advisor (ATA) accreditation for professionals with existing credentials was dropped to \$200. The fee for professionals with existing credentials to obtain both the Accredited Tax Advisor and Accredited Tax Preparer at the same time is now \$300.

The ATA credential is for practitioners who handle sophisticated tax planning issues, including ownership of closely held businesses, qualified retirement plans and complex estates. The ATP credential is for practitioners who demonstrate a thorough knowledge of the existing tax code and the preparation of individual, corporate and partnership tax returns. Further details on these credentials can be found at

www.acatcredentials.org/credentials.html.

New Law Gives Active-Duty Reservists Tax Relief

The Pension Protection Act of 2006 provides retroactive tax relief to military reservists activated after September 11, 2001, and before December 31, 2007. Military reservists called to active duty can receive payments from their individual retirement accounts, 401(k) plans and 403(b) tax-sheltered annuities without having to pay the 10 percent early-distribution tax.

IRS.gov has additional Tax Information for Members of the U.S. Armed Forces including Questions & Answers on Combat Zone Tax Provisions — Military Pay Exclusions, Deadline Extensions and Miscellaneous Provisions for Qualifying Taxpayers; and Employers.

Phone bill update *by Bob Jennings, CPA, CITP*

Individual taxpayers will be able to claim the greater of the actual long distance phone tax paid or a credit amount starting at \$30 and ending at \$60 for 2006 returns on Form 8913. The actual amount should be calculated by reviewing bills from 2/28/03 through 8/1/06 and I am telling you it isn't worth the trouble—they need to take the standard deduction. See the new Form 8913 still under revision.

On Friday, November 16, the IRS issued guidelines in IR-2006-179 for businesses taking the deduction.

- Though businesses and non-profits must base their telephone tax refund on the actual amount of tax paid, they can figure their refund amounts by

comparing two telephone bills from this year to determine the percentage of their telephone expenses attributable to the long-distance excise tax. The bills they should use are the bill with a statement date in April 2006 and the bill with a statement date in September 2006. They must first figure the telephone tax as a percentage of their April 2006 telephone bills (which included the excise tax for both local and long-distance service) and their September 2006 telephone bills (which only included the tax on local service). The difference between these two percentages should then be applied to the quarterly or annual telephone expenses to determine the amount of the refunds.

- For example, if a business has an April 2006 telephone bill of \$1,000, which includes federal telephone excise tax of \$28, the tax percentage is 2.8 percent. If the September 2006 bill is \$1,100 including federal telephone excise tax of \$16.50, the tax percentage is 1.5 percent. The business' long-distance excise tax percentage is 1.3 percent (2.8 percent for April minus 1.5 percent for September). The business multiplies 1.3 percent by its total phone expenses over the 41-month period to arrive at the amount of its refund.

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electronic IRS

Internal Revenue Service
STAKEHOLDER LIAISON'S NORTHWEST AND MIDWEST AREAS

Present *two*
Phone Forums for Tax Professionals on:
Electronic IRS

These are **FREE** events where you can attend from the convenience of your office.

Either **Wednesday, December 13, 2006** OR **Thursday, January 11, 2007**

Registration Deadline: Mon, December 11, 2006 or Mon, January 8th, 2007

These are two hour sessions (including Q&A) with a 10 minute break, covering Individual e-File Updates, Business e-file Updates, EFTPS & Batch Provider, Navigating IRS & Other Electronic Products

Register at www.attevent.com to get a Personal Identification Number (PIN) for joining the conference. If you are not registered with AT&T you need to "create a profile" first.

Conference dial-in numbers: Toll free: 1-866-216-6835

Conference Name: "Electronic IRS"

Conference Access Codes by Session and Time Zone

	Conference Access Codes	Central (CST)	Mountain (MST)	Pacific (PST)
12/13/2006	644039	11:00 a.m. – 1:00 p.m.	10:00 a.m. – 12:00 p.m.	9:00 a.m. – 11:00 a.m.
01/11/2007	754087	11:00 a.m. – 1:00 p.m.	10:00 a.m. – 12:00 p.m.	9:00 a.m. – 11:00 a.m.

Participant information:

- * Please dial in 3-5 minutes prior to conference start time.
- * Enter your access code followed by the pound (#) sign.
- * Enter your Personal Identification Number (PIN) followed by the pound (#) sign.
- * Your line will be placed on hold with music until the forum starts.

Note: Enrolled agents are entitled to 2 CPE credits; other Tax Professionals may qualify depending on the requirements of their organizations. You must register individually and use your PIN to receive CPE credit. Each person must call in on a separate line so attendance can be verified.

Phone lines **will be limited** so please register early. Handouts will be e-mailed to you prior to the event.

For inquiries, please e-mail us at StakeholderEducation@irs.gov or call Betty Hayman at (402) 361-0324.

December 2006



New Members Welcomed!

We are glad to have these new members in the ranks of the IAPA. Please welcome:

Wendy Anderson, Spirit Lake
Jessica Burke, McCall

More IAPA Savings

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 receive the discounts.

Not only will you net the discount, but the IAPA will receive a donation for each transaction! Thanks to all of you who ordered with the **G580** this past year.

2007 Fall Seminar Schedule

-2007-

1-888-208-IAPA

- Sept. 17-18 **Gear Up Business Entities**
Post Falls, Red Lion Templins
- Sept. 27-28 **Gear Up Business Entities**
Twin Falls, Red Lion Canyon Springs Hotel
- Oct. 25-26 **Gear Up 1040**
Idaho Falls, Shilo Inn
- Nov. 1-2 **Gear Up 1040**
Boise, DoubleTree Riverside

Other Events

June 27-30 **NW Annual Convention**
Inn at 7th Mountain Bend, Oregon

Don't miss this chance to get 12 hours of CPE in a wonderful setting. Call 1-800-452-6810 to reserve your condo before May 28. \$129/night.

1040 Manuals Left!

The IAPA office has a couple of brand new **Gear Up 1040** manuals left over from our fall seminars.

If you would like a copy for your office, or even as a gift for your mother-in-law, call Barb at 1-888-208-4272. The cost is discounted to \$40 plus tax and shipping. Call now before they are gone!

Member Questionnaire

In an effort to streamline the amount of paper that makes its way to your waste basket, you now have a choice on how to receive your copy of **IAPA Today**.

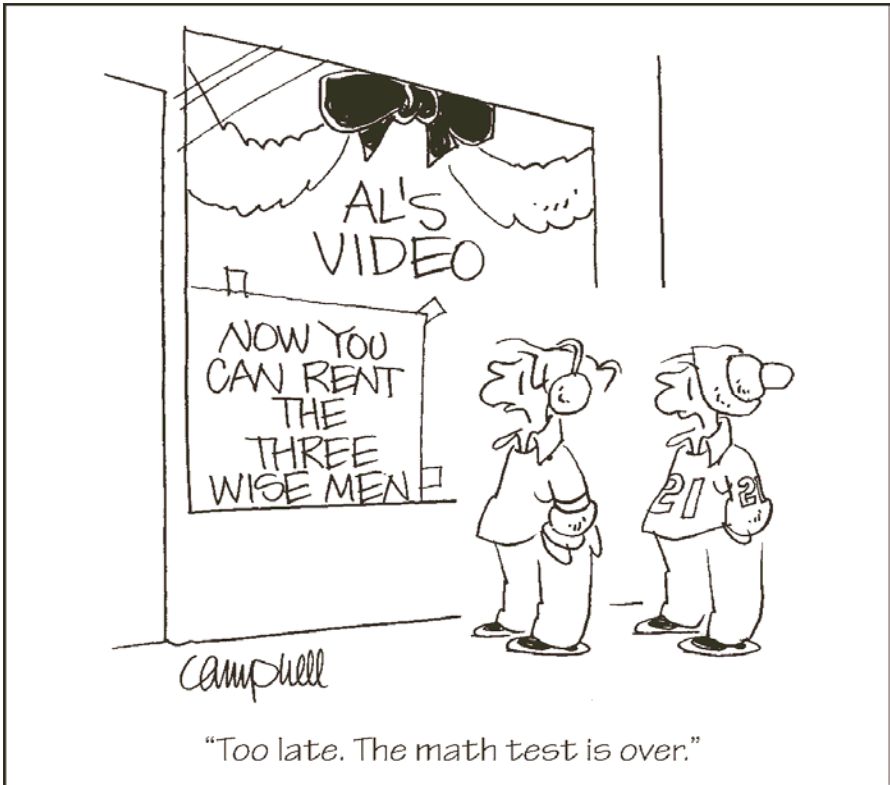
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