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Looking for an Early Tax Refund? Don't Count on It!

From National Society of Accountants

Looking for your tax refund to pay off holiday shopping bills? Hoping to get your money by February?

Don't count on it.

Thanks to foot-dragging by both the Administration and Congress, the 2007 tax rules are still up in the air even as the holidays are upon us. Lawmakers have yet to pass legislation that would save 20 million taxpayers from the dreaded Alternative Minimum Tax (AMT) and extend several favorable tax provisions due to expire this year.

The problem is simple: The Internal Revenue Service (IRS) says it needs 10 weeks following the signing of new legislation to re-program its computer systems to reflect the changes. For example, if new legislation is signed into law on December 15, 2007, the earliest date the IRS may be able to accept tax returns for processing would be February 23, 2008. Of course, normal processing will take several weeks in most cases and refunds will not get to taxpayers until at least the beginning of March.

"This is a very frustrating situation for everyone," says Andrew T. Morehead, CFP, ATP, ECS, president of the National Society of Accountants (NSA). "The IRS is especially frustrated – the agency doesn't make the law; it just has to implement the rules."

His advice?

"Be prepared! This is not the year to count on an early tax refund. Plan to handle your expenses, especially holiday gift shopping expenses, without it – when your refund finally does arrive, you'll have some extra cash."

Without the expected legislation, about 23 million Americans will pay hundreds or thousands of dollars more in taxes because more income will be subject to the AMT tax provisions, and millions more will be caught by other expiring provisions Morehead warns, "Even if you do not have sufficient income to be affected by the AMT, your refund may be delayed because you claim deductions or credits that are affected by the AMT provisions, such as the credit for dependent and child care expenses."

If Congress does not act, some of the popular tax provisions set to expire or change at the end of this year include ending the deductibility of college tuition and fees, eliminating the election to deduct state and local sales taxes, and ending deductions for classroom supplies for teachers.

"2008 is an election year, and Congress will almost certainly act to extend most of these laws and avoid an AMT disaster," Morehead says, "But it appears increasingly likely that there will be a tax return processing disaster that is unavoidable."

Morehead adds that qualified tax preparers will continually monitor the situation and should be able to advise taxpayers on any tax law changes as soon as legislation is passed.

NSA and its affiliates represent 30,000 members who provide accounting, auditing, tax preparation, financial and estate planning, and management services to approximately 19 million individuals and business clients. Most members are sole practitioners or partners in small- to medium- size accounting firms. NSA protects the public by requiring its members to adhere to a strict code of ethics. For more information, visit www.nsacctg.org.

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District IX Governor's Message *by Rex Cruse, EA, ABA, ATA*

A lot has happened since our very successful Convention/Annual Meeting in Portland. Those of you who were not able to attend missed a very good Convention.

Although I was not able to attend, I understand the Leadership Networking Conference and Legislative Strategy Conference, in Tampa, Florida, held September 28-30, was excellent. Kathy Hettick, Ronny Woods and their committees are to be congratulated for their hard work in making this conference a big success. If you haven't attended one of these conferences recently, you should consider attending the one next year, as it is scheduled to be held in Phoenix in October, however I don't know the exact dates, at this time. If you are interested, it will be posted in the "Calendar of Events" section of the NSA Website, as soon as the arrangements are final.

John Ams and the NSA staff have been very busy with all of the usual administrative duties and with meetings on Capital Hill with the staff of the Senate Finance Committee and the staff of the chair of the House Ways and Means Oversight Subcommittee and also the Assistant Secretary of Treasury for Tax Policy. The purpose of these meetings was to discuss the tax preparer registration legislation.

The NSA Board of Governors held the fall meeting in Alexandra, Virginia on October 19th and 20th. We had a very good meeting and were able to get a look at our headquarters building, which was less than a block from the hotel where we held the board meeting. One of the reasons for the meeting being in Alexandria was to give the Board of Governors a chance to meet some of the staff and put the faces with the names we know and have talked to many times.

The Successful Strategies for Small Business Seminar which was scheduled for November 5-7 in Las Vegas was cancelled, at the last minute, due to a speaker cancellation and very poor registration. We had scheduled the District IX, X & IX Joint Meeting for the day before this seminar and felt it was too late to cancel that meeting and went ahead with the meeting, yesterday. Regardless, we had a very successful meeting. Most of the state directors from Districts IX, X & XI and the president or other ASO officer were able to attend and the participation and discussion was very good. Because of other commitments, some of the officers, who are normally in attendance were not able to be there. However, Jim Nolen, First Vice President, was able to be with us and participate in our meeting. We covered the usual legislative issues and activities of each ASO in attendance, reviewed the draft of the new State Directors Manual and duties and responsibilities of the State Directors and ASO Officers. In addition Marilyn Niwao, Governor of District XI, presented another point of view about the new CPA & PA "mobility" provisions of the Uniform Accountancy Act. We will try to get the planning for this meeting done earlier next year and possibly hold it in October in conjunction with the Leadership/Legislative conference in Phoenix.

People who complain about taxes can be divided into two classes: men and women.

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obvious, but it often surprises me how many finance professionals think strategic objectives are divorced from financial objectives. Management of a company is a circle, where all functional points touch each other in some way. When discussing the company's financial condition, relate your conversation to these objectives. Numbers are not just numbers- they tell a story of how the company is moving towards or away from its strategic objectives. If we change from a major supplier to cut cost of goods and increase gross margins, talk about how this may affect the quality of delivery to clients.

Basically, if you want to be viewed as a real partner on the executive team (or as a real trusted business advisor by a client), act like an executive or owner. You may even want to help develop the objectives of the company but you can only do this if you see your role and function as intertwined with overall objectives.

Remember Walter Meigs! Your first job is to gather data and then present it accurately. However, your second, and more important, job is to present it clearly and succinctly and help your management team/client make better decisions.

***Brian Hamilton** is the Developer of ProfitCents. Based in Research Triangle Park, North Carolina, ProfitCents produces narrative text on what financial statement numbers and metrics mean in plain language. Hamilton can be reached at brian.hamilton@profitcents.com.*

How to Fulfill Your Role as a Strategic Advisor *by Brian Hamilton*

When I was in college, our first accounting book was Accounting: the Basis for Business Decisions, written by Walter B. Meigs. I understand that many universities are still using this textbook for first-year students.

By using the subtitle The Basis for Business Decisions, Meigs implies that something comes after accounting and bookkeeping. Someone actually has to do something after the numbers are put together – make decisions.

There are two primary reasons we, as finance professionals, perform accounting and prepare financial statements:

1. We have to. Businesses are required to submit accurate financial information as part of preparing taxes.
2. To help us and our managers/ clients make better business decisions.

In my view, even given some of the recent notable shortfalls of some in the accounting industry, most accountants and finance people perform well in the first area. On the whole, I believe that there is a sincere effort by most finance professionals to present accurate data.

The problem comes in the second task, regarding business decisions. I believe that most of us fail significantly in this area. We are effective at preparing statements, but we assume that our clients, bosses, employees, stockholders, can actually make sense of them.

Large assumption- big mistake. I confess that I wonder whether even we can make heads or tails of the information we are providing. I say this not as a critic, but rather as a member of an industry of well meaning people who are so focused on gathering information that we lose sight that the goal is to actually do something with it.

The bottom line is that our role as finance professional is not just to prepare accurate numbers but to put them in a form from which people can make better decisions. Here are the problems I see in how we currently perform our work.

1. ***We have an inherent bias that more data is better data.*** Maybe this has something to do with how we were taught in school. Remember when we were graded in school on book reports by how many pages we wrote? There is still an inherent paradigm that more information is better information, but that is flatly wrong. As CFOs or Controllers, we think if we can provide the CEO or the Board with a data report that's three inches thick, this somehow makes the data more valuable.
2. ***We think people can understand the financial data we give them.*** This is a tough one to explain but it is quite important. How many the recipients of our reports can glance at a bunch of numbers and really know what they mean, and know how to make a better decision from them? You should carefully consider this. I am convinced, after consulting with over 500 companies and being a CFO of a company, that not very many people at all can quickly surmise financial results. Numbers are not an end-point, they are a beginning. If your clients and managers cannot understand the data you are giving them, why are you even bothering to provide it?
3. ***Down deep, some of us believe we will find refuge in a mass of data.*** In some way, maybe we think we are creating job security by creating piles of data; that we can confuse people to a point where we will have some measure of job security. I do not think this is major motive for many of us at all, but it may lie in the consciousness of some of us.
4. ***As finance professionals, we tend to think from the bottom up, not from top down.*** We are inductive thinkers not deductive thinkers. I confess that this observation is based upon my own qualitative judgment, but I think there is truth to it. How does this manifest itself? We tend to focus on the "little picture" not on the "big picture". We focus on how to calculate unbilled receivables, not on what unbilled receivables means and what affect the account has on cash and revenue over time. Basically, many of us are working 90% of the time on the functions of gathering data and presenting it, not on interpreting it and using it.

Our role as a finance professional inside the company (as CFO, controller) or outside the company (as CPA or Accountant) is to help our management team or clients gather accurate data and help them make more informed decisions. How can we achieve this? Here are some practical ways:

1. ***Never provide financial data to a manager without a written explanation of the contents.*** Never just provide data and hope people will understand that it means something. You need to spoon feed the crux of what you have gathered in a narrative or pictorial way. The best way to achieve this is by including one-page executive summaries with all financial data you present. One page is a good goal for length of content. Nothing in finance is so complicated that it cannot be presented well in summary form.
2. ***When presenting to management, always focus your conversation on how the numbers affect the bottom line (profit) and/or cash flow.*** Avoid what we used to call at the bank "elevator analysis"- incessantly talking about how this or that number moved up or down since last period. Relate everything to the only things that really count in a business- increasing profit and cash in the company.
3. ***Know your company's strategic objectives.*** Know its mission. Know its value statement. This sounds so

(Continued on page 2)

Spring dates set for ABA exams

Consider your future success in terms of your future credentials.

What can a prestigious credential be worth to you? Plenty, when you think about what it can do for your future success. Especially when that credential is the nationally renowned Accredited Business Accountant® (ABA) credential.

By earning the ABA, you can give yourself a competitive advantage – whether it's boosting business, fast-tracking a career or increasing income. In fact, a recent NSA survey revealed that the ABA is worth as much as $14,000 in increased annual income to a full-time practitioner.

So, what are you waiting for? Get started on your way to realizing more opportunities, promoting your abilities and adding value by standing apart from the crowd.

For free information on study options to prepare and a registration form for the exam, visit www.acatcredentials.org/aba_exam.html

SPRING ABA EXAM SET

FOR

MAY 23 through JUNE 14

2008 Mileage Rates increase

On Nov. 27 the IRS issued the 2008 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning Jan. 1, 2008, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

- **50.5** cents per mile for business miles driven;
- **19** cents per mile driven for medical or moving purposes; and
- **14** cents per mile driven in service of charitable organizations.

The new rate for business miles compares to a rate of 48.5 cents per mile for 2007. The new rate for medical and moving purposes compares to 20 cents in 2007. The rate for miles driven in service of charitable organizations has remained the same.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile; the standard rate for medical and moving purposes is based on the variable costs as determined by the same study. Runzheimer International, an independent contractor, conducted the study for the IRS. The mileage rate for charitable miles is set by law.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS), after claiming a Section 179 deduction for that vehicle, for any vehicle used for hire or for more than four vehicles used simultaneously.

IRS: First Quarter Interest Rates Drop One Percent

The IRS announced that interest rates for the calendar quarter beginning January 1, 2008, will drop by one percentage point. The new rates will be:

* seven (7) percent for overpayments [six (6) percent in the case of a corporation];
* seven (7) percent for underpayments;
* nine (9) percent for large corporate underpayments; and
* four and one-half (4.5) 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 October 2007.
See Revenue Ruling 2007-68.

Congratulations!

A hearty welcome goes out to the newest members of the IAPA—welcome aboard!

Anita Jones, EA, Star
Kaye Rogers, Nampa

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 received 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.

CCH also has a savings plan set up for IAPA members. Go to http://onlinestore.cch.com/ default.asp?ProductID=4815 to receive a 30% discount on CCH products.

IRS Tidbits

Revenue Ruling 2007-69 provides that payments made by the U.S. Department of Veterans Affairs under the compensated work therapy program are exempt from federal income tax as veterans' benefits. It will be published in IRB 2007-49 dated Dec. 3, 2007.

IRS Updates Employee Business Expense Rules

Revenue Procedure 2007-63 updates the rules for determining the amount of an employee's ordinary and necessary business expenses for lodging, meals, and incidental expenses incurred while traveling away from home that are deemed substantiated under Â§ 1.274-5 of the Income Tax Regulations.

2008 Seminar Schedule

-2008-

1-888-208-IAPA

Sept. 10-11	**Gear Up Estates & Trusts** 8 am—4pm Post Falls, Templins
Sept. 12	**Gear Up One-Day Business Entities** 8 am-4 pm Post Falls, Templins
Sept. 17-18	**Gear Up Estates & Trusts** 8 am—4 pm Twin Falls, Red Lion Canyon Springs
Sept. 19	**Gear Up One-Day Business Entities** 8 am—4 pm Twin Falls, Red Lion Canyon Springs
Oct. 23-24	**Gear Up 1040** 8 am-4:30 pm Idaho Falls, Shilo
Oct. 23	**Gear Up Ethics** 5 pm—7 pm Idaho Falls, Shilo
Oct. 30-31	**Gear Up 1040** 8 am-4:30 pm Boise, DoubleTree Riverside Hotel
Oct. 30	**Gear Up Ethics** 5 pm to 7 pm Boise, DoubleTree Riverside Hotel

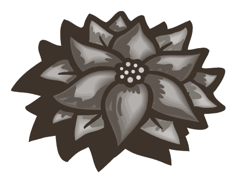
IAPA Directory is Online

In September 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 website at www.iapacct.com.

The Website 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.

If you ever need a mailing address for one of our members, just give the IAPA office a call at 1-888-208-4272.



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

Idaho Association of Public Accountants

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Merry Christmas

Best wishes to all the members of the IAPA.
Without your continued support, caring and encouragement
This association would not be what it is today!
May Health & Happiness be your constant companion in
The New Year!!!