



Chapter IdEAs

"To Promote the Professionalism and the Growth of Our Members"
CSEA Inland Empire Chapter December 2009



Retirement Plans & Taxes or is that Death & Taxes?

Joel Hedriks, EA, Education Chair

With the US economy experiencing the worst down turn since the great depression, your clients will be looking for your expert advice on how they can reduce taxes on their retirement plan distributions since their retirement has already suffered enough. This month David A. Shaw, EA, as part of his presidential visit to the Chapter, will speak on a variety of topics including strategies for reducing taxes on retirement distributions, inherited IRAs, the various 401(k) plans, and simple IRAs. In addition, he will also look at the current market conditions as clients will be asking "whether they should be contributing to their retirement plans". Whether you do financial planning or not, this will be material that will help you further secure yourself as a trusted advisor to your clients.

David A. Shaw is an Enrolled Agent, an investment advisor, a life agent, and a veteran of the United States Air Force. As such, he lectures on taxation, representation, and various investment-related topics. He is the Vice President and a principal, of the Meyer Shaw Financial Group located in Yuba City, California. Meyer Shaw Financial Group offers tax return preparation; tax planning, small business advisory services, tax problem resolution and representation, wealth management, payroll, and accounting services. He has been quoted and interviewed by the news media and various publications such as the Sacramento Bee, Military Officers Association of America, Consumer Reports, and The Wall Street Journal. David is a Fellow of the National Tax Practice Institute and is currently the President of the California Society of Enrolled Agents. In addition, he donates his time to several charitable organizations and serves on various non-profit boards.

Give him a warm Southern California Welcome to the Inland Empire.

PRESIDENT'S MESSAGE

Don Stacy, EA, Inland Empire Chapter President

December marks the end of the year for most taxpayers, and is a time for gearing our practices up for another tax filing season. The cycle of our work year reminds me of the farm I grew up on in Central California. When the irrigation district gave us ditch water we set pipes, even if it started at two o'clock in the morning. The Kings River flows 24/7, and so does ditch water, the lifeblood of farming. Just as when our clients are clamoring for services we need to work longer, harder hours.

A neat story came across my desk last week. It goes: "On my way home one day, I stopped to watch a Little League base ball game that was being played in a park near my home. As I sat down behind the bench on the first-baseline, I asked one of the boys what the score was. "We're behind 14 to nothing," he answered with a smile. "Really," I said, "I have to say you don't look very discouraged." "Discouraged?," the boy asked with a puzzled look on his face... 'Why should we be discouraged? We haven't been up to bat yet."

As you celebrate the holidays take care of yourselves. Get rested up and ready to roll, because tax filing season is coming....it will be our turn to "be up at bat".

This month we welcome our State CSEA President, David Shaw, EA, as our program speaker. David will share his insights into CSEA as well as giving us our continuing education by speaking to the subject of taxes & retirement planning.

See everybody on December 9th.

Update from the Board of Directors

Pat LaRue, EA, Secretary

At the November 11th Board Meeting reports were heard from various committees and the Treasurer's Report was given.

Our new Legislative Chair is encouraged to participate fully not only in the upcoming Jim Stern Legislative Day but to attend any related meetings so she can gain familiarity with what takes place at the State meetings. The Board approved sending both her and our State Representative to the event as per the Chapter's SOP's

Dawn Powers EA provided copies of the current SOPs for our review and consideration. These will be revisited and revised as needed in the future.

Don McAllister EA is seeking nominees for the Chapter's year end awards. Nominating forms were placed at each table at the dinner meeting for the membership to use for submitting names for consideration. Connie Bracher, EA reminded everyone that she needs us to turn in the Chapter self-evaluation forms for the Strategic Planning Committee.

In an effort to provide quality educational programs for the membership, the Board approved directing the Program Chair to book programs a year in advance.

The next meeting of the Board of Directors will be held on December 9, 2009 at the Hilton Hotel in San Bernardino.

2009-2010 Board of Directors

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CHAPTER NOTES

CSEA/IRS Practitioner Seminar

Steve Davis EA, Seminar Chair

The 2010 SEMINAR will be held at the San Bernardino Hilton on Wednesday, January 13 from 8 a.m. to 4 p.m.. Topics and speakers from IRS include Collections, Offers in Compromise, Taxpayer Advocate, and Criminal Investigations discussing first time homebuyer credit fraud and tax preparer projects. California speakers include EDD discussing the underground economy, BOE informing us of sales and use tax audits, and FTB explaining the appeals process. This year, all registration information will be sent by emails from our Chapter and from CSEA, IRS, CTEC & CALCPA, and nothing by snail mail. The emails will have a link to a new website where you can register and pay by credit card thru PayPal. This web address is: <http://media-enterprises.com/csea>. You can link to this site from our Chapter website www.ietaxpro.com. If you wish to pay by check or money order instead, go to our Chapter website, download the paper registration form and follow the mailing instructions. The early bird price ends on December 11. Join us on January 13 to gain valuable insights that will help your clients.

EDITOR'S COMMENT: For those of you in our membership who do not make this a regular event on your business and professional schedule, you are missing a strategic opportunity to get the current pulse of the "taxing environment" in which we practice, and short-changing your clients of the latest up to date "risk-management" information available. Just as we encourage our clients to be proactive in their own tax planning. As "The Tax Professionals" we need to be proactive in responding to the ever-changing climate that is part of the tax world. Also, this happens to be a major revenue source for the Chapter. Even in a "down economy" costs continue to rise and for the Chapter to continue to provide substantial member benefits, the membership needs to take advantage of events such as this. You will find many members of the Chapter, along with competing tax professionals taking huge benefits at this event.

CSEA Jim Stern Legislative Day in Sacramento

Jackie Kincaid, EA, Ledge Chair

As the Chapter's Ledge Chair, I am very excited to be able to go to Jim Stern Legislative Day in Sacramento with other members of our Chapter on January 8, 2010. This will be my first time to attend. The morning will start off with the keynote speaker Marty Keller, Office of Small Business Advocate, Governor's Office of Planning & Research. Then it is time for training and role-playing to help prepare us for the Legislative visits. The visits will be from 10:30 till 3:00 at the State Capitol. For anyone who has ever thought about attending, let's make this the year that our Chapter is well represented. For more details and the registration form visit the CSEA website. I will share my experience in attending this Day in the May issue of the Newsletter.

PIA

Clara Barrett, EA, PIA Chairman

The deadline for Chapter's ad in the February issue of the Inland Empire Magazine is fast approaching. Please mail your checks and reservations to me so that I receive them by December 15, or bring them to the December Chapter meeting.

This publication was chosen for our advertising dollar because it interfaces nicely with our geographical area. If you notice, it is often found in professional offices' waiting rooms. And the hard bound version is placed in every hotel room in the Inland Empire for the full year. I think that this is a pretty good "bang for our buck".

For those of you who participate, please understand that the fee you pay for your spot on the ad does not represent the full cost of the ad. The overall cost is being heavily supplemented by both the State and the Chapter.

Our Chapter has a smaller ad in the December edition which appears on page 154. Other citations within the editorial content of this edition include a quote by David De Koekkoek, EA in column #1 on page 155 under investing; On page 156 the entire column under tax tips was a press release from our State organization. Enrolled Agents are mentioned a number of times.

In regard to press releases, I wish to thank those of you who volunteered to forward press releases from CSEA to your local media outlets. During the Tax filing season, these should be coming through and it is the time to get the Enrolled Agent name before the public.

Quickfinder

Barbara Robertson, EA, Co-ordinator

The following members have attended enough meetings this year and have earned both the 1040 Quickfinder and the Business Quickfinder: R. Abril, S. Andrade, J. Baker, B. Barnes, C. Barrett, L. Beeken, C. Bracher, P. Cheatum, R. Davis, G. Duncan, K. Dunn, R. Franke, S. Hannan, N. Hill, P. Jipp, M. Johnson, J. Kincaid, J. Kropf, P. LaRue, J. Ligor, D. Martin, D. McAllister, O. Pagan, D. Powers, B. Robertson, D. Stacy, S. Tressler, R. Uehle, J. Vine, G. Watson, and J. Wood. Congratulations!

The following members have attended 5 meetings and have earned the 1040 Quickfinder: K. Alvarado, D. Dekoekkoek, M. Dominquez, S. Elgersma, P. Ligor, J. McReynolds, M. Santos, J. Skelton, D. St Martin, K. Stroschein, and R. Winkler. Attend the December meeting and you will receive a Business Quickfinder also.

If you attend the December meeting the following members will receive the Quickfinder: J. Hendricks, D. Phillips, and E. Sen.

Our order has been placed and hopefully they will be here so I can deliver at the December meeting. If you will not be at the December meeting, please call so we can arrange a method of delivery. Call Barbara at (909) 466-7466 if you have questions.

Awards—Last Call

Don McAllister, EA, Chair

Up to the December meeting the Committee will be accepting nominations from the membership for the **Inland Empire Chapter Enrolled Agent of the Year**, **The Jim Kanouse Award**, and **Inland Empire Booster of the Year Award**. Submit your nominations on the form that was inserted in last month's Newsletter or that is posted on the Chapter website. If someone on your staff plays an active roll in promoting awareness of the "Enrolled Agent" and Enrolled Agent's particular qualifications for being the "taxpayer's tax expert," the Committee relies heavily on nominations from the membership for this Award.

2010-11 Planning Retreat

Connie Bracher, EA, 1st Vice-President

The tentative date for the Planning Retreat has been set for Wednesday May 19th in beautiful Crestline. Car pool arrangements will be available at the base of the mountain in San Bernardino. Set aside the date now and details will be posted on the Chapter website and published in the May Newsletter.

Chapter Dark During Tax Filing Season

While the Chapter goes dark, it is not completely inactive. Long term planning does occur during this period and, while there will not be a Newsletter until May, the Chapter's website will become more active as a source of information. From time to time, take a break from your clients and spend some time with your fellow professionals on the web at www.ietaxpro.com.

Riverside Small Business Fair – November 10, 2009

Deborah St.Martin, EA

Once again the Riverside Small Business Fair sponsored by Michelle Steel, Member California State Board of Equalization was a successful day. Our own, Steve Davis, EA was one of the many presenters. There were a number of excellent presentations ranging

from Sales and Marketing Strategies to Record Keeping to The Bottom Line – Top Dollar Advice for Tough Economic Times. Additionally, there was an expo featuring the various taxing agencies and the non-profits that are available to assist small business owners build successful, well-run companies. Exhibitors included: SBDC; BOE; EDD; Taxpayer Advocate; IRS; County Assessor's Office; Inland Empire Women's Business Center; SBA; CTEC and many more. For myself, I attend this event whenever possible for two key reasons: first, to offer support to my clients; and, second, to personally meet with the representatives from the various agencies. I encourage my clients to attend this event and take advantage of the FREE workshops and to gain a first-hand perspective from BOE, EDD, FTB, IRS, County Assessor, etc. Once again this year I cannot tell you the valuable contacts I made, both for myself as a professional and for my clients.

I proudly wore my CSEA badge and was able to answer questions from attendees and exhibitors ranging from "What is CSEA?" to tax questions. I received numerous inquiries from exhibitors as to why CSEA did not have a booth? For those of you who have never attended, I encourage you to attend next year. As tax professionals we have a responsibility to keep our clients informed of the FREE opportunities that are made available throughout the Inland Empire. For those of you who attended or believe in these events I hope you will join with me in encouraging our Chapter to proudly participate in next year's event. We missed a great opportunity to promote the Enrolled Agent profession to hundreds of attendees.

Tax Court Cases Reviews

Paul Cheatham, EA

In T.C. Summary Opinion 2009-153 the issue for decision is whether a trade or business conducted through a limited liability company owned by petitioners constituted a passive activity under section 469 (c). Petitioners formed Blue Marlin, L.L.C., a Maryland limited liability company, each owning a 50-percent interest. Blue Marlin was organized to conduct a charter fishing activity using what petitioner described as a "46-foot Post luxury cruiser" that petitioner purchased earlier that year. The return (Form 1065) that Blue Marlin filed for this year shows income of \$9,583, expenses totaling \$74,161 (which includes depreciation of \$26,173), and a net loss of \$64,578.

The applicable regulation provides seven ways in which individuals may establish material (non-passive) participation in an activity for purposes of section 469. The respondent argued that because the business was conducted through a limited liability company, the petitioners are treated as limited partners in considering whether they materially participated in the business. The judge decided in the petitioner's favor because they satisfied one of the seven tests. A taxpayer is treated as having materially participated if they participate in the activity for more than 100 hours during the taxable year and the taxpayer's participation in the activity for the taxable year is not less than the participation of any other individual. Reg. Sec. 1.469-5T (a) (2).

Reviewer's note: I think this case is a good reminder that not all L.L.C. partners are passive, even though the IRS may look at it that way! Also, did you know that there are seven ways to establish material participation under IRS Regulations?

Mark Your Calendars!!

Wednesday, December 9, 2009

Chapter Meeting — *Retirement Plans & Taxes or is that Death & Taxes?*, David Shaw, EA

4:00 Board Meeting; 5:30 Social; 6:00 Dinner; 7:00 Program

Dinner choice of Vegetarian Plate or London Broil Bordelaise, Green Salad, Roasted Red Potatoes, Vegetables, Rolls and Butter, and Dessert

Chapter Meeting location: Hilton Hotel, 285 E. Hospitality Lane, San Bernardino, CA.

Wednesday, December 2, 2009 **Brass Tax "Tune Up"**, San Bernardino Hilton
 Friday, December 18, 2009 **Brass Tax "Tune Up"**, Ontario
 Friday, January 8, 2010 **CSEA Jim Stern Legislative Day**
 Wednesday, January 13, 2010 **IRS Practitioner Seminar**, San Bernardino Hilton
 Wednesday, May 12, 2010 **Chapter Meeting**: IRS Committee Report, Joni Terens, EA

May 10-12, 2010 **CSEA Super Seminar**, Las Vegas A
 May 13-15, 2010 **CSEA Super Seminar**, Las Vegas B
 Wednesday, May 19, 2010 **Chapter Planning Retreat**, Crestline
 Wednesday, June 9, 2010 **Chapter Meeting**: David Smith

Due to Hotel Policy dinners will not be provided without prior reservations. Chapter Program cost is \$40 for members (\$45 for non-members and guests) for reservations made by 4 pm on Friday preceding the program. Late reservations are \$10 additional and can be made until 12 noon Wednesday of the day of the program. Walk-ins to the Seminar are \$55. RSVP to kathy@ctbpro.com or 909-466-6900.

The Inland Empire Chapter of CSEA accepts all VISA, Master Card, Discover, and American Express credit cards for payment of continuing education credits. Sorry, no debit cards. To pay by credit card, go to www.ietaxpro.com, on left hand bar click "payment by credit card" and then download "IE Chapter Credit Card Form". After you have completed and signed the Form, fax to 909-533-2159 or attach to an email and send to: kathy@ctbpro.com. All information must be received by 4 pm Friday preceding the monthly meeting to receive the lower rate.

Register for Tax Practitioner Seminar. Form available at www.ietaxpro.com under "Events"

Get your own Ad in the Chapter's Inland Empire Magazine Enrolled Agent spread. Form posted on the Chapter Website at www.ietaxpro.com

To impact next year's Chapter activities, fill out the Strategic Planning Committee's Evaluation Form. See Flyer insert or go to www.ietaxpro.com.

Chapter IdEA's is published May-January by the Inland Empire Chapter, CSEA. Classified ads are free to members up to 35 words; for non-members the cost is \$25. The Newsletter subscription is \$15 per year. It is distributed free to members of the Chapter. Checks payable to CSEA; include your name, address, email, and phone number; send to Kathryn Dunn, EA; 8480 Red Oak; Rancho Cucamonga, CA 91730. Editorial Board: Connie Bracher, EA; Deborah St Martin, EA; Clara Barrett, EA; Pete Ellena, EA.



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