



Chapter IdEAs

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



"Abandonments, Foreclosures and Short Sales: Dispositions and Debt Relief"

Joel Hedriks, EA, Education Chair

Vicki Mulak, EA will speak on the topic of "Abandonments, Foreclosures and Short Sales: Dispositions and Debt Relief".

The 2010 filing season is sure to bring multiple client scenarios which include troubled or "upside down" real estate. You already know some of your clients have walked away from residences and rental properties. The thought of facing all those 1099-A's and 1099-C's "head-on" in tax season is creating some uneasiness. Plan to attend this excellent presentation that will cover the various aspects of IRC 108 and prepare you for accurate tax return reporting for dispositions of principal residences as well as rental properties. Competencies should be achieved in recognition of taxable and non-taxable mortgage relief, proper use of the various exclusions from income, tax attribute reductions required, and completion of Form 982. Real life examples will be included.

Vicki is an Enrolled Agent and a Certified Financial Planner (CFP). She is the owner of American Financial and Tax, a tax preparation, planning and representation firm, which was founded in Tustin, CA twenty-four years ago, when she became both a resident and a business owner. In her practice she assists small businesses and individuals in a variety of tax and financial matters.

In addition to her private practice, Vicki has represented the tax practitioner community for twelve years on the California Employment Development Dept.'s (EDD) Small Business Employer's Advisory Committee (SBEAC). She regularly speaks on California tax law and other tax related business topics to such groups as California Society of Enrolled Agents (CSEA), California Society of Tax Consultants (CSTC), National Association of Tax Professionals (NATP), and the Financial Planning Association (FPA). She continues as faculty for CSEA's Super Seminar, and the Nevada Society of Enrolled Agents' "Best of the West" seminar.

For over seventeen years, Vicki has worked to prepare students for the partnership and corporation section of the Special Enrollment Exam Class through classroom instruction for the Orange County Chapter of CSEA. She has been an Extended Education instructor for California State University at Fullerton for their Financial Planning Certificate Program from 1997-1998. As the 1996 recipient of the U.S. Small Business Administration's "Accountant Advocate of the Year" award, she was honored for her excellent support of the local business community. Vicki remains active with Practitioner Publishing Company, serving as an editor for the Accounting Quickfinder book.

She received her Bachelor of Science in Business Administration degree from Thomas Edison State College in Camden, New Jersey. She appeared in December 2004 on the IRS' web cast Tax Talk Today. In 2006, she was the recipient of CSEA's prestigious "Thomas P. Hess Award" in recognition of her contributions to the fulfillment of the educational goals of CSEA.

PRESIDENT'S MESSAGE

Don Stacy, EA, Inland Empire Chapter President

Thanksgiving is historically a time for Americans to ponder their blessings and review the good things we enjoy in this life. As I look at our Chapter's blessings and accomplishments, I keep coming back to our greatest strength – the combined power of a group of tax professionals sharing their knowledge and fellowship. "Promoting the Professionalism and Growth of Our Members" is a shared task that benefits us all.

Speaking of sharing – check out the November Issue of The California Enrolled Agent on pages 20-21. I was asked to prepare a topic on divorcing clients by the Ethics Committee of CSEA. Every one of you has some area you are an expert in, so why don't you write an article and submit it? They are always looking for new authors, and the participation is fun and fulfilling.

I'm challenging each member to invite at least three people each month to come to our meetings. Have you made your invitations yet for this month? Be watching for the email blast put out each month so you can forward it to other tax professionals you know in your area. It even prints up nicely on a color printer so it can be dropped off at EA's offices in your area.

This month we welcome Vicki Mulak as our dinner speaker. Vicki is a well known speaker and instructor in tax issues as well as a leader in CSEA. This is another tremendous opportunity to invite guests and members to come to our dinner meeting!

Update from the Board of Directors

Pat LaRue, EA, Secretary

Let me begin by thanking Norma Rae Hill EA for acting as secretary during my absence at the October meeting.

At the October Board meeting reports were heard from various committees and the Treasurer's Report was given.

Clara Barrett EA announced that the Inland Empire Magazine ad is set to go.

State Director Paul Cheatham EA reported that CSEA is seeking nominations for next year's officers. He noted that the organization is working on term limits for State Directors. That organization's audit is complete with no changes recommended by the CPA.

A stipend in the amount of \$400 was approved for the November program speaker.

The Nominating Committee for 2010 Chapter officers and Board members was approved. The members of the committee are: Jerry Watson, Kathy Dunn, Deborah St Martin, Barbara Robertson and Dave De Koekkoek.

The next meeting of the Board of Directors will be held on November 11, 2009 at the Hilton Hotel in San Bernardino.

2009-2010 Board of Directors

President
Don Stacy, EA
951/244-1513
dstacy@clpros.com

1st Vice President
Connie Bracher, EA
909/338-0041
connie@acorntax.com

2nd Vice President
Pam Jipp, EA
760/955-6434
Anhy@aol.com

Secretary
Pat La Rue, EA
909/874-5664
bplaru@earthlink.net

Treasurer
Kathryn Dunn, EA
909/466-6900
kathy@ctbpro.com

Past President
David Dekoekkoek, EA
909/467-5433
dave@ddktax.com

CSEA Director
Paul Cheatham, EA
909/944-0446
paul@cheathamassociates.com

CSEA Representative
Connie Bracher, EA
909/338-0041
connie@acorntax.com

Directors
Kenneth Alvarado, EA
909/794-2901
alvaradotaxman@aol.com

Michael Dominguez, EA
951/276-2999 Ext. 7001
atsmd@earthlink.net

Peggy Ligorì, EA
951-654-9955
peggy@vanguardtf.com

Donald McAllister, EA
951/688-3263
dhmcall@pacbell.net

Barbara Robertson, EA
909/466-7466
Bjtax@aol.com

Ron Uhle, EA
909/590-5664
ruehlenhb@yahoo.com

Jerry Vine, EA
909/466-5387
jerry@msjjetpro.com

CSEA Inland Empire Chapter Committee Chairs 2009-2010

AWARDS
Don McAllister, EA
951/688-3263
dhmcall@pacbell.net

BUSINESS RETENTION
Ken Alvarado, EA
909/794-2901
alvaradotaxman@aol.com

BYLAWS & SOP'S
Dawn Powers, EA
951/686-8254
dapowwrks@sbcglobal.net

DISASTER SERVICE
Ken Alvarado, EA
909/794-2901
alvaradotaxman@aol.com

EDUCATION
Joel Hendriks, EA
909/797-1366
joel.baker.tax@verizon.net

ETHICS & PROF. CONDUCT
Jerry Watson, EA
951/242-8920
gwatsontax@hotmail.com

FINANCE & BUDGET
Don McAllister, EA
951/688-3263
dhmcall@pacbell.net

FINANCIAL REVIEW
Ron Uhle, EA
909/590-3423
ruehlenhb@yahoo.com

HISTORIAN
Janice Baker, EA
909/797-1366
bakertax@verizon.net

LEGISLATIVE
Jackie Kincaid, EA
909/466-7466
jkincaidea@gmail.com

MEMBERSHIP
Pam Jipp, EA
760/955-6434
Anhy@aol.com

NEWSLETTER
Richard Franke, EA
951/652-6105
editor@ietaxpro.com

PROGRAM
Dennis Phillips, EA
909/793-1021
dghill33@earthlink.net

PUBLIC INFO. & AWARENESS
Clara Barrett, EA
951/924-6450
clarabarrett@msn.com

SCHOLARSHIP
Pam Jipp, EA
760/955-6434
Anhy@aol.com

SEMINARS
Steve Davis, EA
951/276-2999
atssteve@earthlink.net

STRATEGIC PLANNING
Connie Bracher, EA
909/338-0041
connie@acorntax.com

WEB-SITE
Joe Ligorì, EA
951/654-9955
joe@ligoritax.com

CSEA Director's Report

Paul Cheatham, EA

The September 26 & 27, 2009 Board meeting was quite interesting. CSEA has retained a consultant to assist with the branding of "The Tax Professionals". Karen Hawkins, Director of OPR called to seek CSEA's input regarding tax return preparer regulations. I am pleased to report that she has a good understanding of our concerns. Further, she stated that Enrolled Agents are likely to benefit from any new regulations. It seems that we are perceived as part of the solution, not part of the problem. The Board voted to place a bylaws change before the members to limit the term of CSEA Directors.

I chair the Audit Committee. We were presented with a draft of CSEA's financial statements for the FYE June 30, 2009. The CPA firm that conducts the audit said that our books were so "clean" that they did not propose any adjustments, nor did they see any need to provide us with a Management Letter! Thank you staff.

The Membership Committee sees existing programs functioning properly but noted new programs and ideas cannot seem to get off the ground. Perhaps the "motivational" remarks made by our President and EVP at our Committee meeting will help us to make progress in this important area. In the meantime, our own Chapter-level membership drive deserves continued support. Please invite someone who does not normally attend a Chapter meeting to do so. We have a good slate of speakers booked.

The Public Information and Awareness Committee is looking at the branding efforts to help us to send a clearer message to the public. Press releases should start to be posted every couple of weeks on the CSEA webpage. These press releases will be suitable for members to forward to publications of their choice. What a great way to promote yourself and CSEA at the same time! Thank you Cliff for getting these posted.

I am pleased to report that the 2009/2010 budget, as proposed by the Finance and Budget Committee, is essentially a break-even one. This is good news inasmuch as we are probably somewhere near the bottom of the biggest economic decline since the Great Depression.

On September 25 I attended the CSEA/State Tax Agencies Liaison Meeting (at my own expense). For those of you who have not attended one of these meetings I recommend that you consider participating in one of these annual events. In the morning we met with upper-level representatives of the Employment Development Department (EDD) and State Board of Equalization (SBOE), and in the afternoon we met with the Franchise Tax Board (FTB). In the EDD session I learned of a settlement procedure that may benefit a client. In the SBOE session I learned that they are in the process of laying off 25% of their workforce! In the FTB session I spoke with Selvi Stanislaus and networked with other high-ranking FTB employees, priceless.

Tax filing season is just around the corner. Be careful out there and try to have some fun!!!

CSEA September Board Meeting

Connie Bracher, EA, Chapter Representative

At the State Board of Directors and Committee Meeting held on September 26th and 27th in Sacramento our Chapter was represented by Paul Cheatham, EA, Don Stacy, EA, and myself. With this being the second meeting of the 2009-2010 year, the Committees and the Board settled in and went right to work on the agendas as planned in previous meetings.

As a Member of the Bylaws Committee, all committee members are reviewing each Chapter's Bylaws for compliance with State and current laws. I reviewed the Inland Empire Chapter's Bylaws, and am happy to announce that we are in splendid shape. The Committee was additionally given the duty of presenting a motion to the Board of Directors for approval regarding term limits of the Directors. This motion was presented to and approved by the Board of Directors. Since it is a Bylaws change, it needs to be approved by the Members at the Annual Meeting in June 2010. If you have feelings regarding term limits, one way or the other, please let Paul Cheatham, Don Stacy, or myself know so that your feelings can be properly reflected. And, remember, you could represent yourself at the Annual Meeting in Reno when the vote is raised.

The Membership Committee discussed member benefits and the membership contests underway. PEPCO spent its committee time evaluating all the various educational forums that CSEA offers. I've known of the various education venues that CSEA offers, but never really realized the number of them until they were all listed and evaluated. CSEA offers many, many educational opportunities. If you are not currently taking advantage of them, maybe it's time to re-evaluate and take another look.

At the Board Meeting, the attendees discussed "Branding" of CSEA, and concluded that CSEA's logos need to be updated and made more consistent. A consultant has been hired for this purpose. The Board, and all in attendance, was also privileged to be on a conference call with Karen Hawkins, Director of OPR. We were given the opportunity to provide input regarding the new regulations for all tax preparers. I was very happy to perceive her viewpoint as being very positive for the Enrolled Agent.

CHAPTER NOTES

Awards

Don McAllister, EA

It is time for us to recognize those individuals in our Chapter who have contributed to the enhancing and/or improving of the status of the profession in general, the Chapter or CSEA. The Awards Chair will accept nominations for the Inland Empire Chapter Enrolled Agent of the year, **The Jim Kanouse Award, and Inland Empire Booster of the Year Award beginning now and up until December 9, 2009. Make your nominations on the flyer inserted in the Newsletter.**

PIA

Clara Barrett, EA, PIA Chairman

The PIA Committee has just put the Chapter's December Ad in the Inland Empire Magazine to bed. The ad will show why taxpayers need Enrolled Agents. In addition to our ad, this issue will feature an article by Cliff Weimer, our CSEA PIA staff. His article outlines tax changes for the upcoming tax year. This fits well into our ad theme of why taxpayers need EAs. The December issue of Inland Empire Magazine has a money theme. The circulation area of this magazine covers our Chapters' geographical area. A pretty good fit for our publicity dollar I would say. This issue will be on the newsstands around thanksgiving. Look for it and place it in your office if you can.

Our biggest Ad campaign will appear in the Feb issue of the magazine. This is also the edition that is placed in all of the area hotel rooms. This 2-page ad has not been completed yet but will also show why Taxpayers need us. As in the past the second page of the ad will be devoted to individual listings of our members. Each listing will cost \$40.00. I think, giving the fact that the Feb addition comes out at the beginning of the tax filing season and the fact that it will be available year around in area hotel rooms, makes this a real bargain. I have included a reservation form as an insert in the Newsletter. Please note: the deadline is Dec 15 for your inclusion is this Ad campaign. I have extra copies of last year's hotel edition. I brought them to the Sept meeting. If you missed that meeting and you placed an ad in it and would like to have a hardbound copy, please call me. I will bring your copy to the Nov meeting.

For those of you who would like a bigger ad such as those placed by Doctors in the medical edition or by lawyers in the legal representation issue, please call me ASAP for details on how to be included.

Quickfinder

Don McAllister, EA

The following members have attended 6 meetings this year and have earned both the 1040 Quickfinder and the Business Quickfinder: J. Baker, C. Barrett, R. Davis, G. Duncan, K. Dunn, R. Franke, N. Hill, P. Jipp, M. Johnson, D. Powers, B. Robertson, S. Tressler, J. Vine, and G. Watson. Congratulations!

The following members have attended 5 meetings and have earned the 1040 Quickfinder: R. Abril, S. Andrade, B. Barnes, L. Beeken, C. Bracher, P. Cheatham, M. Dominquez, S. Hannan, J. Kincaid, Kropf, P. LaRue, J. Ligor, D. Martin, D. McAllister, O. Pagan, J. Skelton, D. St Martin, D. Stacy, K. Stroschein, R. Uehle, and J. Wood.

The following have attended 4 meetings and still have time to earn both Quickfinders: K Alvarado, D Dekoekkoek, S Elgersma, J Hendricks, P Ligor, J McReynolds, M Santos, and R Winkler.

Please check to see if the above is correct. Call Barbara at (909) 466-7466 if you have questions. Additional books at a discounted fee may be ordered at the November meeting.

CSEA Education Foundation Scholarship Auction

Pam Jipp, EA

The Scholarship Auction will be held through November 30, 2009. The CSEA Education Foundation Scholarship Auction can be found at CSEA.org/auction. I want to encourage all of our members to visit the site and bid on items. New items will be added as they are received by CSEA, so visit the site often to see what new items have been added. The CSEA Education Foundation recognizes and awards two classifications of scholarship recipients: the first, to persons wanting to become Enrolled Agents; and the second, to EAs who want to broaden their knowledge in the field of taxation by taking courses such as NTPI, C-STAR, Tax Court, etc. In addition to bidding on the items, how about encouraging members, friends and family to donate items to the Foundation. The Foundation is a 501(c)(3) entity and donations are tax deductible. Over the last 7 years more than \$115,000 has been awarded to students either seeking help in becoming an EA or EAs wanting to expand their expertise. If you or anyone you know wants to donate an item the Foundation can be reached.

CSEA Jim Sterns Legislative Day in Sacramento

Jackie Kincaid, EA

Friday January 8, 2010 from 8 a.m. to 4 p.m. with Lunch included. Early Bird registration is \$60 up until December 15, 2009. Register now at the CSEA website: <http://www.csea.org/EducationandEvents/JimSternLegislativeDay/tabid/295/Default.aspx>

Tax Court Cases Reviews

Paul Cheatham, EA

Reviewer's note: I find this case interesting for two reasons. First, it clarifies when the IRS can impose a 6-year statute. Secondly, the petitioner's attorney was none other than my favorite Super Seminar speaker, Robert McKenzie.

In T.C. Memo. 2009-184 the issue for decision is whether petitioners omitted income, gives rise to an extended 6-year period of limitation. The petitioner (Mr. Beard) had overstated his basis in two S corporations sold during the taxable year 1999, thus causing an understatement of gross income by more the 25 percent of the amount stated in his return. Mr. Beard retained Robert McKenzie, a well-known Super Seminar speaker to represent him. Mr. McKenzie brought a motion for summary judgment under Rule 121 to dismiss the deficiency because the respondent (IRS) should be held to a 3-year period of limitation.

On August 29, 1999, Mr. Beard sold his entire interest in MMCD and in MMSD to Unicom, an unrelated third-party purchaser, for \$6,574,939 and \$7,638,211, respectively. On April 11, 2000, petitioners jointly filed their 1999 Federal income tax return reporting gains from the sale of the shares of \$413,588 and \$992,748, respectively. On April 13, 2006, respondent issued a notice of deficiency reducing petitioners' basis by \$12,160,000. On July 11, 2006 petitioners filed a timely petition with Tax Court. Petitioners contend that overstatement of basis is not an omission from gross income for purposes of the extended period of limitations under section 6501(e) (1) (A). In *Colony, Inc. v. Commissioner*, 357 U.S. 28, 33, 37 (1958), the Supreme Court, interpreting section 275 (c) of the 1934 Revenue Act, the predecessor of section 6501(e), held that the extended period of limitation applies to situations where specific income receipts have been "left out" in the computation of gross income and not when an understatement of gross income resulted from an overstatement of basis. The poor IRS attorney attempted (unsuccessfully) to argue that the Supreme Court decision was not applicable! The judge didn't buy it and granted the petitioners' motion for summary judgment.

Mark Your Calendars!!

Wednesday, November 11, 2009

Chapter Meeting — *"Abandonments, Foreclosures and Short Sales"*, Vicki Mulak, EA

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

Dinner choice of Vegetarian Plate or Roasted Tom Turkey Dinner, Green Salad, Vegetables, Rolls and Butter, and Pumpkin Pie

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

Thurs-Fri, November 5-6, 2009

ClientWhys "1040 Review & Update", Ontario Hilton

Wednesday, January 13, 2010

IRS Practitioner Seminar, San Bernardino Hilton

Wednesday, December 2, 2009

Brass Tax "Tune Up", San Bernardino Hilton

Wednesday, May 12, 2010

Chapter Meeting: IRS Committee Report, Joni Terens, EA

Wednesday, December 9, 2009

Chapter Meeting: "Retirement Plans", David Shaw, EA

May 10-12, 2010

CSEA Super Seminar, Las Vegas A

Friday, December 18, 2009

Brass Tax "Tune Up", Ontario

May 13-15, 2010

CSEA Super Seminar, Las Vegas B

Friday, January 8, 2010

CSEA Jim Stern Legislative Day

Wednesday, June 9, 2010

Chapter Meeting: "Tax Court Issues", Sherrill Gregory, EA

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. See Flyer insert or go to 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.

Get your own Ad in the Chapter's Inland Empire Magazine Enrolled Agent spread.

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.



Return Service Requested

4251 Park Ave.
Hemet, CA 92544

editor@ietaxpro.com
www.ietaxpro.com
Inland Empire Chapter CSEA

First Class Mail

Chapter IdEAs