



# Chapter IdEAs

*"To Promote the Professionalism and the Growth of Our Members"*

CSEA Inland Empire Chapter October 2010



## CSEA PRESIDENT KIM KASTL, EA AT OCTOBER MEETING

*David DeKoekkoek, EA, Program Chair*

**Kim Kastl, EA, 2010 – 2011 President of the California Society of Enrolled Agents** will be our guest speaker at our October meeting. Her topic will be Representation – A Perspective From Both Sides of the Desk.

Back when Kim was a waitress in Las Vegas and going to school she was audited by the IRS on her tip income; which began her odyssey into the tax world. She has a bachelor degree in Economics, a Masters in Taxation and a Graduate Certificate in Estate Planning. She spent 8 years with the IRS and 7 years with regionally prominent accounting firms. She has served as President of the Estate Planning Council of Southern Alameda County, a member of the Franchise Tax Board Advisory Panel for three years, President of the East Bay EA Chapter, has chaired various CSEA State committees, and now is President of CSEA.

She will share her personal representation tips as well as the basics of audit representation—from the taxpayer receiving the first notice to filing Tax Court Petitions and appealing decisions and when to contact the Taxpayer Advocate Service. Included in her presentation are whether and how to decline a case, recovering administrative costs during an audit, pros & cons of having the taxpayer present, Fast Track Mediation, waiving the statute of limitations, and other procedural issues. Kim is an accomplished speaker and presenter. It will be a very worthwhile evening. Join us.

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## PRESIDENT'S MESSAGE

*Connie Bracher, EA, Inland Empire Chapter President*

Question: What do you call a boomerang that doesn't work?

Answer: A Stick!

The IRS is making certain that all tax professionals are operating in very exciting times. We are living through a cosmic shift of the regulatory environment due to the IRS's new registration of all paid preparers. Our only certainties are that things today will not be how things will be done next year.

These changes will impact all of our practices. I'd love to know what all the impacts will be for my practice, but that's impossible. The best prescription for dealing with this upheaval is to keep informed.

Over the past several years, our Chapter has made a commitment to offering quality continuing education at our dinner meetings and seminars. We have several educational opportunities on the horizon to assist us all in staying informed.

With all these changes and questions, our "Hot Topics Seminar" should prove to be very interesting. If you want to keep informed, this is a great venue for you to pursue.

Two of the speakers are the Managers from the Tax Advocate's Offices of the IRS and FTB respectively. Amy Smith, IRS Stakeholder Liaison, will also be at the Seminar to answer any questions that may come up. Attorney Lavare Taylor will be presenting his two hour interactive discussion on ethics. And, of course, Vicki Mulak, EA, will keep us up to

date on Foreclosures, Cancellation of Debt and Short Sale topics. Contact Paul Cheatham, EA, if you would like more information or to register.

We additionally have a great line-up of fantastic speakers and educational opportunities available in the near future. Check out our "Mark Your Calendars!" section on the back page of this Newsletter to see what interests you.

Remember – members get "Member Pricing" on all CSEA functions, whether it is at a dinner meeting or 3 days at Super Seminars. It does pay to be a member!

And speaking of membership – I'd like to take this opportunity to welcome our new members. We're adding a new section to our newsletter to identify them. While we're at it, I'd also like to take this opportunity to thank all of our members for bringing guests to the dinner meetings. I'm stocking up on lottery tickets! If you bring a guest, I'll let you pick your lottery ticket, and you could be the next "Big Winner!" It's a Win-Win Situation!

So, don't be a stick! Lots of things are going on all around you! Use some or all of these opportunities as your boomerang to keep informed and add to "Your" Profession.

See you at the October meeting when we have the opportunity to hear from our CSEA President Kim Kastl, EA. Having been an IRS auditor in a previous life, she will speak to us from "Both Sides of the Desk," and, if you know Kim, she's worth listening to. See you there!

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## Update from the Board of Directors

*Pat LaRue, EA, Secretary*

At the September 8 Board Meeting reports were heard from various committees and the Treasurer's Report was given.

Kim Wieshan informed the Board of the publicity being done for the upcoming "Hot Topics" seminar. The publicity will include mention in The FTB News web newsletter, a member's Facebook page, mailings to the other Southern California Chapters and outreach to CTECs. As previously mentioned attendance is limited to 80 persons, so sign up now.

The Board listened to alternative means of promoting Enrolled Agents and the role we play. Because time is growing short and questions remain concerning costs, the Board decided to stay with the Inland Empire Magazine proposal presented earlier for this year. Clara Barrett EA has details on how individual Chapter members can have their firms listed in the publicity campaign. The other ideas were not discarded—members of the PIA Committee will continue to research the details for future consideration.

Connie Bracher EA reminded everyone that the Chapter needs a new Webmaster. Long time Webmaster Joe Ligor EA has indicated that he wants to step down from that responsibility. Any interested person(s) should contact Connie.

The Board has a new member. Dave DeKoekkoek EA indicated his willingness to fill one of the vacancies. He was duly elected at the last Board meeting. Thank you Dave. A second vacancy will be filled at the October Board meeting.

Board elections for 2011-2012 will be here before we know it. Nominating Chair Don Stacy EA distributed forms at the last two General Meetings to gauge interest in serving on the Board or assisting on a Committee. No one knows you might be interested in serving unless you let him know.

The next meeting of the Board of Directors will be held on October 13, 2010 at the Hilton Hotel in San Bernardino.

## CHAPTER NOTES

### Membership Committee

*Norma Rae Hill, EA, Chair*

As Membership Chair I want to send a warm welcome to members who joined us in the Month of August. Joining us are: Lori Smith, EA from Apple Valley, Richard Crauthers from Rancho Mirage and Gary Capolino from Moreno Valley. As a Chapter we look forward to getting to know you!

### Public Information Awareness Committee

*Clara Barrett, EA, Chair*

The Chapter's 2011 Public Information Publicity Campaign for the 2010 Tax Filing season is well underway. This year's Campaign will be a comprehensive effort to cover the Inland Empire and the whole area encompassed by the Chapter's membership. It is seeking not only to inform the public of the new requirements that the IRS has put on all tax preparers but also the importance of working with a practitioner that is enrolled to represent the taxpayer before the IRS and a tax professional who adheres to the higher standards of the California Society of Enrolled Agents and the National Association of Enrolled Agents. The Committee will accomplish this by partnering the Chapter's efforts with at least one member of the Inland Empire Chapter in each of the 57 communities and cities who subscribe to the 2011 PIA Publicity Campaign.

The Chapter's effort will consist of strategically placed ads in the Inland Empire Magazine and 5 press releases. The Inland Empire Magazine has been chosen as the one

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slick cover publication that most closely covers the whole geographic area of the Chapter. It reaches 191,000 readers in their homes, business offices, medical offices, and newsstands. The special Business Edition covers 50,000 businesses, universities, and professional firms. The Hard Cover Edition is placed in every hotel room in the Inland Empire for the year which puts the EA name before the traveling public and in many of the medical waiting rooms in the region. A 1/2 page ad will be placed in each of the January and April issues of the Business Edition and a full page ad plus (listing for individual subscribers) in the February issue of the Hard Cover Edition. Press releases will be submitted in December, January, February, March, April, and September to cover specific topics of general tax interest to the readership and the general public.

The Committee is seeking a least one subscriber to the campaign in each of the communities and cities its members practice to bring the EA name to the public in their own area. It is currently developing tools which will be supplied to each subscriber during the Campaign. In the Campaign, the communities and cities will be listed alphabetically but each member will be placed in their community and city in the order in which their subscription is received. The cost to each member to be a subscriber to the Campaign and have their name listed is \$40 for the year. Members can become subscribers by filling out the form and submitting it with their payment to the Committee.

Let's make this a banner year to get the EA name out throughout the whole area and with everyone playing their own part in their own area. That way the profession as a whole and each one of us individually benefits and everyone gets the most "bang for the buck."

## Legislative Affairs Committee

*Joel Hendriks, EA, Chair*

Visits to local legislators are important to our profession. It is important that CSEA has contacts in the California legislature and that our legislators understand who enrolled agents are, our qualifications, and our relevance. By visiting local legislators, we are able to increase awareness for our profession and offer ourselves as trusted sources on tax matters. By forming these relationships, we effectively open the door to advocate for both our profession and our clients.

There continues to be a lot of turmoil in Sacramento over the budget. This means continued changes to tax laws. A few key issues that have been on the radar of CSEA lately are the new sales and use tax registration requirements, sales tax on services, and independent contractor withholding. For those who are skeptical about the effectiveness of legislator visits, these efforts do have a real and significant impact. I was recently forwarded a copy of the District Visit Report from a group that paid a visit to Assemblyman Huffman; after speaking with members of our organization, he has requested that they provide CSEA position papers related to sales tax on services, Independent Contractor withholding, estimated tax payment schedules, and potential cost savings of California conformity. CSEA has position papers on these matters, and it appears that there are many legislators who would like us to share our positions with them. Let's not miss this opportunity to move our profession forward by effectively advocating for ourselves and those we serve! Start making plans immediately to visit your local

Senator or Assemblyman.

Please give me a call at (909) 797-3140 or send me an email at joel@myfinancialprospect.com if you would like some assistance setting up a visit, need a ledge visit packet, or would like copies of the CSEA approved position papers.

## Nominating Committee

*Don Stacy, EA, Treasurer*

The Nominating Committee is collecting names of members to be considered for leadership roles for the next 2011-12 Fiscal year. If you would like to be considered or would like the Committee to consider someone, please speak to me or one of the Committee members, Paul Cheatham, EA, Dave Dekoekkoek, EA, or Joel Hendricks, EA.

## Strategic Planning Committee

*Pam Jipp, EA, Chair*

The Committee is beginning to consider plans, strategies, and priorities for the next fiscal year. Please contact the Chair about ideas and concerns that you would like the Committee to consider for next year.

## Tax Court Cases Reviews

*Paul Cheatham, EA*

**T.C. Memo. 2010-4** The Court considered whether amounts repaid to an insurance company were deductible as restitution or as a business expense. While working for her husband's dentistry practice, Karen Cavaretta billed insurance companies for work her husband had not done. After she pled guilty to fraud charges, he repaid the money and deducted the repayments as business expenses on his Schedule C. The Commissioner agrees that the repayments are deductible, but argues that they were restitution, not business expenses.

Peter Cavaretta opened his dental practice in 1970, and ever since his wife Karen has kept the books and handled the billing. Both parties agree that Peter was unaware of his wife's enterprise. They also agree that the overcharges went into the practice's books as revenue which the Cavarettas duly reported to their accountant, who included it on their tax return. Subsequently, the defrauded insurance company and the Cavarettas agreed that the amount of the false claims equaled \$544,216. Karen pled guilty to one count of health-care fraud in August, 2001. She was sentenced to 18 months in prison, with two years of supervised release afterward. She was ordered to pay a \$100 assessment as required under the federal sentencing guideline, but ordered to pay no fine or restitution.

The Cavarettas say the payments were deductible under section 162 as a business expense, or under section 165 (c)(1) as a loss incurred in a trade or business, or under section 1341 as a payment made under a claim of right. The Commissioner argues instead that the Cavarettas can deduct them only under section 165 (c)(2), as losses incurred in a transaction entered into for profit. The judge ruled that the payments were restitution and that they were deductible under section 162 as business expenses.

# Mark Your Calendars!!

Wednesday, October 13, 2010

Chapter Meeting — *"Representation — Both Sides of the Desk," Kim Kastl, EA*

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

*Dinner choice of Vegetarian Plate or Garden Salad, Chicken Cordon Blue, Rice Pilaf, Vegetables, Chef's Dessert*

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

Tuesday, October 19, 2010  
November 4 & 5, 2010

Hot Topics Seminar, San Bernardino Hilton  
ClientWhys Seminar 2010 1040 Review & Update Ontario Hilton

Wednesday, November 10, 2010

Chapter Meeting: *Bankruptcy & Business Taxes*, Attorney Fred Cohen

Tuesday, November 30, 2010

Brass Tax "1040/540 Tune Up", Monrovia, Courtyard by Marriott

Wednesday, December 1, 2010

Brass Tax "1040/540 Tune Up", San Bernardino Hilton

Wednesday, December 8, 2010

Chapter Meeting: *Legal Issues for EA's*, Sherrill Gregory, EA

Friday, December 17, 2010

Brass Tax "1040/540 Tune Up", Ontario Convention Center

Friday, January 7, 2011

CSEA Legislative Day, Sacramento, CA

January 8-9, 2011

CSEA Board Meeting, Sacramento, CA

Thursday, January 13, 2011

CSEA Tax Practitioner Seminar, San Bernardino Hilton

Wednesday, May 11, 2011

Chapter Meeting: Attorney Dean I. Friedman

May 10-12, 2011

CSEA Super Seminar, Bally's, Las Vegas, NV

June 2-4, 2011

CSEA Super Seminar, Grand Sierra Resort & Casino, Reno, NV

Wednesday, June 8, 2011

Chapter Meeting:

June 21-24, 2011

CSEA Annual Meeting, hosted by San Gabriel Chapter, Southern California

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 [jkincaidea@gmail.com](mailto:jkincaidea@gmail.com) or 951-204-4882.

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](http://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 Fax 915-687-1872 or attach to an email and send to: [jkincaidea@gmail.com](mailto:jkincaidea@gmail.com)

All information must be received by 4 pm Friday preceding the monthly meeting to receive the lower rate.

*Become a Subscriber to the  
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Seminar using inserted  
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Get your own Ad in the Chapter's Inland Empire Magazine Enrolled Agent spread. Form posted on the Chapter Website at [www.ietaxpro.com](http://www.ietaxpro.com)

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Inland Empire Chapter CSEA

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