
CSEA DIRECTORS REPORT

Paul Cheatham, EA Director

The September Board meeting in Sacramento was a busy one. I arrived a day early to participate in the all-day State Agencies Liaison Meeting held on September 24. This is held annually the day before our Board meeting. Top representatives from the Franchise Tax Board, State Board of Equalization and Employment Development Department participate. It is revealing to learn the "inside scoop" of what is happening at each agency. The candor of the speakers is refreshing and the contacts are invaluable. This event is open to all members, just not well publicized in the South. After I am off the Board I will want to continue to attend. I would encourage you to attend as well.

Committee meetings were held on September 24 & 25. I serve on the Executive Committee which is currently conducting a search for our new Executive Vice President. Cathy Apker tendered her resignation a few months ago and is looking forward to retiring and spending more time with her grandchildren. I also serve on the Membership Committee which is primarily concerned with providing new benefits to members and strengthening relationship with vendors and other stakeholders. I also serve on the Public Information and Awareness Committee. Most of our time is spent exploring ways of promoting and publicizing the EA designation at the State and Chapter levels. Lastly, I serve on the Finance and Budget Committee. This has become an active committee as revenue sources decline and expenditures remain constant. It is going to be a difficult task to determine which valuable programs need to be cut back or eliminated in order to maintain a healthy, financially secure CSEA.

Because most of the work is done in committees, there is not too much to report on for the Board meeting (September 25 & 26). The most significant event was that a small dues increase was passed in order to preserve CSEA's member benefits and programs. I anticipate that a comparable reduction in expenses will be made before the end of the year. The dues increase passed by a narrow margin and then only after much discussion.

CSEA BOARD REPRESENTATIVE REPORT

Pam Jipp, EA, Chapter Representative

The CSEA Board Meeting was held on September 25 and 26 in Sacramento. Joel Hendricks and myself, as the newest members to attend these meetings, agree that exposure to the workings of the committees and meeting with CSEA staff has been a tremen-

dously rewarding experience. I have come to find out that CSEA staff is ready, willing and able to do everything they can to help Committee Chairs and Board members reach their goals. In addition, everyone takes very seriously the needs and concerns of members and associates of CSEA.

At this Board Meeting, the most discussed item on the Agenda was the dues increase that will go into effect for next year's renewal. This was found to be necessary and was discussed and debated at great length before the final vote. The Board also approved the usage of the new CSEA logo for entities and individuals associated with CSEA as long as approved guidelines are met. Also approved was a response by President Kastl to the proposed Circular 230 changes. CSEA intends to be proactive in responding to any proposed regulations affecting Members.

I just want to encourage everyone to attend the Annual Meeting that will be held in Southern California in June, 2011. The San Gabriel Chapter will be hosting the meeting and, since this will be within driving distance for our Chapter members, I think it is important to attend and see for yourself how CSEA is really working for the Membership.

CSEA STATE AGENCIES LIAISON MEETING REPORT

Joel Hendriks EA, Legislative Affairs Committee Chair

I attended the State Agencies Liaison Meeting on Friday, September 24, 2010. The event was held in Sacramento in conjunction with the CSEA board meeting.

Representatives from the three major tax agencies, the EDD, BOE, and FTB were present to speak to us about emerging issues, get our input on important matters, and answer our prepared questions. It was clear that the tax agencies value the relationship with CSEA as much as our members do. This is a wonderful annual event, and a big thanks to CSEA for organizing it every year! Some of the highlights are as follows:

Sixteen representatives were in attendance from the EDD. The EDD announced that in April of 2011 they will be rolling out their new information system. This system will allow for expanded e-services, including the ability to view taxpayer account status, prior statements received, prior returns, and tax rate information. The EDD is excited about the new solution and is confident that it will allow them to service taxpayers much more efficiently! Beginning in 2011, EDD forms DE 6 and DE 7 will be phased out. These forms will be replaced with two new quarterly reports, the DE 9 and DE 9C.

James Kuhl, the Business Taxes Representative, from the BOE came to speak to us. According to James, the use tax line on the Form 540 is expected to expire, meaning all taxpayers who have a

use tax requirement will have to file use tax returns. With regard to use tax filing for Qualified Purchasers (QPs), the BOE has registered 201,287 taxpayers. Of those registered 75% have filed, and about \$27 million in tax, interest, and penalties has been collected. Relief from the penalties for late filing of old returns can be requested on BOE Form 735. According to the BOE 100% of all abatement requests to date have been abated. According to the BOE, additional registration letters are being mailed out each week as additional QPs are identified.

Nineteen representatives were present from the FTB. They announced that the FTB now has included on its website a Penalty Chart and a 2-part small business video presentation. Beginning January 1, 2011 California will conform to federal law that requires small tax-exempt organization with gross receipts of \$25,000 or less to e-file an annual informational notice, similar to IRS Form 990-N, known as the e-postcard. The FTB is currently working on an expanded e-services system that will allow the creation of a permanent login for individuals, businesses, and tax professionals. Tax professionals will have the ability to login to their account and access client accounts by answering secret questions based on any of the previous five tax returns. This is exciting news!

SHARE AND LEARN: IMPORTANT EDUCATION ALERT!

Deborah St.Martin, EA

If you thought you could put off learning about the Patient Protection & Affordable Care Act as Amended by The Health Care & Education Reconciliation Act of 2010 aka "The New Health Care Legislation", oh you are so wrong! I, too, was "assuming" the end of year update classes would be enough. After all, most of the tax law changes don't start until 2013.

If you are holding yourself out as a Tax Professional, not just a tax preparer, there is critical information in this new legislation that you need to know about now to provide comprehensive, accurate, tax planning for your clients.

Did you know? "Regardless of whether the Bush tax cuts sunset or not, the maximum tax rate on Long Term Capital Gain income will increase to 18.8% in 2013."

There is a 3.8% Medicare Investment Tax on Net Investment Income. There is also a 0.9% High Income tax on earned income!!!! Both of these taxes are based on MAGI. Does it begin to make sense for some of your clients to consider Roth conversions to reduce RMD and therefore minimize AGI? What about plans for selling real estate that was/is part of a client's retirement strategy? I was able to immediate contact one of my largest clients and update the tax planning we had already started for his retirement. Do you think I have a client for life?

Vern Hoven EA, CPA and Sharon Krieder CPA, EA once again open your eyes to the importance of knowledge. Their lively and comprehensive approach to education makes this webinar a MUST for every tax professional. Don't have your clients ask you a question and not be able to look them straight in the eye and provide a knowledgeable answer. This is a 3-hour webinar provided through Western CPE. (No, I am not receiving commissions!) Although I will admit at the end of the 3-hour I did ask myself, do I really want to continue in this line of work? The details and complexities of this new legislation are daunting. Thank you to Vern and Sharon for providing the material in an organized manner that takes you first through the individual taxpayer and then through the business client breaking each down by the year in which different aspects of the legislation "phase in".

CSEA EDUCATION FOUNDATION AUCTION

Pam Jipp, EA

The CSEA Education Foundation is once again seeking donations and bidders!!!!

As a reminder, the CSEA Education Foundation mission is: To provide the opportunity for society to advance their tax knowledge through scholarships and education; To support and encourage increased professionalism of current and future Enrolled Agents by generating and granting funds to enhance their education; and To promote the understanding of the tax system as a cornerstone of the quality of life in America. Scholarships are awarded to both EA's and non-EA's. EA's may want to apply for a scholarship to attend the National Tax Practice Institute (NTPi) or the California State Tax Agency Representation (C-STAR) seminar or other similar courses to increase your knowledge. Non-EA's may want to seek a scholarship to take a SEE prep course in order to become an EA. The applications and additional information regarding the scholarships are available at www.cseaeducationfoundation.org.

Of course, the Foundation could not issue scholarships without donations. The Annual Internet Auction is an important fundraiser for the Foundation and is currently underway. The auction continues through November 30, 2010 and has already received many interesting items. Take a look for yourself at the website. I think you will be pleasantly surprised. New items are continuously being added so do be sure to re-visit the auction frequently throughout the auction period. In addition, take some time to think about items that you may want to donate to the auction, as contributions to the CSEA Education Foundation are deductible for tax purposes. Donation forms can be found online at www.cseaeducationfoundation.org, or contact Cary M. Steward by calling the CSEA office at 916-366-6646 or by email at csteward@csea.org and she will help with the donation procedures.. If you are unable to donate, you can still assist us with this fundraiser by bidding on the auction items.
