



# SOLANO-NAPA NEWS

CALIFORNIA SOCIETY OF ENROLLED AGENTS



*"WE SPEAK TAX"* - the taxpayers' tax experts

**Volume I, Number 6**

**December, 2005**

## Solano-Napa Chapter Practice Disaster Program

The disaster committee packet was mailed Wednesday, Nov. 30<sup>th</sup>. Please read it carefully and consider the benefits for your practice, staff, and family. To participate, sign the participation agreement and return it to Michael Klobas, EA, at 190 S. Orchard Ave., #A-205, Vacaville, CA 95688 on or before December 31, 2005.

## Solano-Napa Chapter Breakfast & Dinner Programs

Solano-Napa EAs meet on the **second and fourth Tuesdays** of each month to share information with other EAs and tax professionals. The meetings are at Jack & Linda's Country Café, 2390 N Texas St., Fairfield, CA and as announced, at Jonesy's Famous Steak House, 2044 Airport Road, Napa, CA.

## President's Message

**Thanksgiving and Holiday Time.** A time to think about the many things we have for which to be thankful. After family, friends, and health, my thoughts turn to my professional colleagues. After all, time wise, we spend a lot of hours together. So I definitely add EAs to my list of friends for whom I am thankful.

So many of you have stepped forward to volunteer. Our Education Committee met after the board meeting and we mapped out the Mini Seminars for 2006. This is a save the date notice. We're planning them for the 3<sup>rd</sup> Fridays in July, August and September, with one in Napa and two in Fairfield. We'll keep you posted as the details are confirmed. Thanks to Sherri Scarrott for taking the lead on this.

We have Committee Standing Operating Procedures for some of our committee with more to be completed next month. We have the organizational skills of Jerry Pusateri to thank for these.

Our Holiday Party will be lots of fun, and we will be collecting canned goods for needy families. Join us on December 13, 2005, at Jack & Linda's Country Café. (See Holiday Party insert.)

Our Newsletter is a great success in letting members know about what is happening. It is also sent to non-members to inform them about Chapter activities. And it works! We had a non-member show up for our breakfast meeting in November. Thanks to Matt Jones & Alma Guenther.

The Scholarship Committee has one application to consider. We need to get the word out that we have scholarships available to members, even non-members, who are taking a SEE class. If they didn't apply prior to the class, the application can be made after completing the class. If you

### Breakfast Meetings - 7:30 am - 9:00 am:

On the second Tuesday, we have Breakfast Meetings where a predetermined topic will be discussed. All attendees are encouraged to participate by sharing their knowledge and experience. Cost is Dutch.

### Dinner Meetings:

<b>6:00 pm</b>	<b>Attitude adjustment</b>
<b>6:30 pm</b>	<b>Dinner</b>
<b>After dinner</b>	<b>Education</b>

On the fourth Tuesday, we have Dinner Meetings where generally there will be a speaker on a topic for continuing education, practice management, legislative, or other issues pertinent to our profession. **Cost is \$30, Members and staff, \$35, non-members.** There is a **\$5** discount if your reservations are made timely. Reservations and meal choice are due to Louanna Grindle, EA, fax (707)451-4866 or email: [taxhouse@sbcglobal.net](mailto:taxhouse@sbcglobal.net) by 5 pm on the third Tuesday of each month. **PLEASE NOTE: THIS IS A NEW DINNER POLICY!**

If you don't want to worry about timely reservations, this would be a perfect time to have your name added to the **Standing Reservation List.** (That way you only have to give notice when you are not going to be there!)

(Message, continued from page 1)  
have questions; contact Ellen Wulf for more information.

Working behind the scenes is our CPE Chair. Thanks to Jane Ferdon who does all the paper work to ensure that your CPE is properly recorded. Did you know you can call CSEA and they will provide you a list of CSEA sponsored events that you have attended? It includes everything from dinner meetings to Super Seminars.

The Disaster Planning committee made its report to the board in November. They will be mailing the results to each member. Mike Klobas and his committee, Peggy Elliott, Jerry Pusateri and Jane Ferdon have done an outstanding job.

The Nominating Committee is starting its work now. Take some time to consider how you can serve the Chapter. It is time to call Peggy Elliott, the Nominating Committee Chair, and tell her you are interested in serving on the Board or as an Officer or as CSEA Director. And, if not you, then give her the name of someone who you think would serve well in this capacity.

This is our chapter, which means each of us must do our part to make it great.

What will your contribution be?

Anne T. Arms, EA  
**President,**  
**Solano-Napa Chapter, CSEA**

### **Interesting Pending Tax Legislation: Senate Approved Tax Bill - Tax Relief Bill of 2005**

- **Tax Preparer Penalty.** Current law provides a penalty of \$250 if a tax preparer prepares a return that understates taxes because a position is taken for which there was not a realistic possibility that it would be sustained on the merits. Further, current law provides a penalty of \$1,000 for specified willful or reckless conduct in preparing a return. The Senate bill replaces the realistic possibility standard with a requirement that there be a reasonable belief that the tax treatment of the position taken is more likely than not the proper treatment. The bill also increases the current penalty from \$250 to \$1,000 and increases the willful or reckless conduct penalty from \$1,000 to \$5,000. Importantly, this provision is proposed to be effective for

documents prepared after the date of enactment.

- **Offer in Compromise.** The bill would require that a 20 percent down payment accompany any lump-sum offer in compromise. However, if the IRS rejects the offer, the legislative language makes clear that the down payment is essentially forfeited and will not apply to the tax otherwise due. This provision is proposed to be effective for offers received or pending 60 days after enactment.
- The individual **AMT** amounts for 2006 are adjusted for inflation.
- **The charitable deduction is extended to non-itemizers** (it can be taken in addition to the standard deduction) for any cash contributions in excess of \$250, \$500 for a joint return. However, the charitable deduction for itemizers is similarly limited. That is, itemizers can only take deductions for cash and noncash contributions in excess of the \$250/\$500 amounts mentioned above. Proposed effective date: 2006 and 2007 tax years only.
- Interest paid on tax-exempt bonds is subject to the same information reporting as taxable bonds. Proposed effective date: interest paid in 2006 or later.
- Individual estimated tax safe harbor: taxpayers with prior year AGI of at least \$150,000 who make estimated tax payments must do so based on 119 percent of the prior year tax for estimated tax payments made in 2006. This percentage will be 110 percent in 2007 and beyond.
- **Termination of Installment Agreements.** This provision would terminate installment agreements for failure to file returns and failure to make deposits. Although a significant number of taxpayers violate the terms of their installment agreements by failing to timely file their tax returns or make required federal tax deposits, the IRS is not currently permitted to terminate installment agreements for these reasons. The provision would be effective for failures occurring after the date of enactment.

**See more details of Senate Bill S.2020 at**  
**[http://www.congress.gov/cgi-  
bin/bdquery/z?d109:S.2020:](http://www.congress.gov/cgi-bin/bdquery/z?d109:S.2020)**

# Solano-Napa Officers and Directors

<b>President</b>	<b>Anne Arms, EA</b> 707 644-9016 <a href="mailto:armspna@aol.com">armspna@aol.com</a>	<b>Directors</b>	<b>Phil Correia, EA</b> 707 426-0920 <a href="mailto:pcorreia@sbcglobal.net">pcorreia@sbcglobal.net</a> <b>Matt Jones, EA</b> 707 557-6868 <a href="mailto:mattjones@mattstax.com">mattjones@mattstax.com</a> <b>Mike Klobas, EA</b> 707 449-8146 <a href="mailto:mklobas@pacbell.net">mklobas@pacbell.net</a> <b>Lillian Meyers, EA</b> 707 935-1124 <a href="mailto:lilmeyers@aol.com">lilmeyers@aol.com</a> <b>Sherri Scarrott, EA</b> 707 426-9472 <a href="mailto:eataxldy@pacbell.net">eataxldy@pacbell.net</a> <b>Ken Spingola, EA</b> 707 553-2645 <a href="mailto:kspingola@sbcglobal.net">kspingola@sbcglobal.net</a>
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<b>CSEA Director</b>	<b>Alma Guenther, EA</b> 707 643-2226 <a href="mailto:almaea@pacbell.net">almaea@pacbell.net</a>		

**Next Board Meeting: Tuesday, December 6, 2005, 8:00 am at Jack & Linda's Café, Fairfield**

## Chapter Committee Chairs

### AUDIT

Phil Correia, EA  
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### *hEArD It Through The Grapevine*

Internal Revenue Service is estimating time and **cost** for paid professionals on a table in its Form 1040 instruction booklet for 2005. Check it out at <http://www.irs.gov/pub/irs-pdf/i1040gi.pdf>, page 79. Should the service be making cost estimates for professionals? Should CSEA take a position, pro or con? What do you think?

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# Solano-Napa Chapter CSEA

c/o Matt Jones, EA

2437 Springs Rd.

Vallejo, CA 94591-5610

**First Class Mail**

Return Service Requested



## **2005-2006 CALENDAR OF EVENTS**

### **OCTOBER**

- 11 Solano-Napa Breakfast (2nd Tue.) 7:30 am  
Topic: OIC – Initial Considerations  
Jack & Linda’s Country Café, Fairfield
- 25 Solano-Napa Dinner (4th Tue.) 6:00 pm  
Topic: House Sale Myths, Karen Brosi, EA  
Jack & Linda’s Country Café, Fairfield

### **NOVEMBER**

- 8 Solano-Napa Breakfast (2nd Tue.) 7:30 am  
Topic: OIC - Process ability  
Jack & Linda’s Country Café, Fairfield
- 15 Solano-Napa Dinner (3rd Tue.) 6:00 pm  
Topic: BOE, Tax Auditor & IRS, Rep  
Jack & Linda’s Country Café, Fairfield

### **DECEMBER**

- 13 Solano-Napa *Holiday Party*, 6:00 pm  
Jack & Linda’s Country Café, Fairfield

### **JANUARY**

- 7-8 CSEA Board Meeting, Lion’s Gate Resort,  
Sacramento, CA
- 10 Solano-Napa Breakfast (2<sup>nd</sup> Tue.) 7:30 am

Topic: TBA

- 19 Jack & Linda’s Country Café, Fairfield  
Solano-Napa Dinner (3<sup>rd</sup> Thu.) 6:00 pm  
Topic: **New IRS Definition of Qualifying Child**, Gary McBride, EA  
Jack & Linda’s Country Café, Fairfield
- 20 CSEA/IRS Tax Practitioner Seminar  
Topic: Examination Reengineering,  
Collections, Compliance, Electronic Tax Admin.,  
Appeals, Taxpayer Advocate

### **FEBRUARY**

- 28 Solano-Napa Dinner (4<sup>th</sup> Tue.) 6:00 pm  
Jonesy’s Famous Steak House, Napa  
IRS Panel, Joe Calderaro

### **MARCH**

- 28 Solano-Napa Dinner (4<sup>th</sup> Tue.) 6:00 pm  
Jack & Linda’s Country Café, Fairfield  
IRS Panel, Joe Calderaro

## **Solano-Napa *Holiday Party*** **Tuesday, December 13, 2005**

A *Holiday Party* for members, spouses, significant others and family members will be the theme of our December 13<sup>th</sup> meeting.

Bring a wrapped white elephant gift (for our gift exchange) and non-perishable food donation for a local charity food pantry. Social hour with hors d'ouvres will begin at 6 pm with the dinner and entertainment starting at 7pm.

There will be no CPE or speaker at this party, just come and enjoy a time of celebration with fellow members, family, and friends. The party will be at Jack & Linda's Country Café, 2390 N. Texas St., Fairfield.

So come join us for a ***Holiday Good Time!***

Dinner choices are: New York Steak, Chicken Breast with Mushrooms, or Salmon. Please email or fax your dinner choice to: Louanna Grindle, EA [taxhouse@sbcglobal.net](mailto:taxhouse@sbcglobal.net) or 707/451-4866 by 5 pm Tuesday, December 6, 2005. Cost is \$30/member and \$35/non-member with a \$5 discount for your timely made reservation. Questions call Jerry Pusateri, EA at 707/426-4396

Solano-Napa Chapter CSEA

## **CSEA/IRS Tax Practitioner Seminar**

The State Chapter of the California Society of Enrolled Agents is hosting the annual **CSEA/IRS Tax Practitioner Seminar** with presentation from IRS Subject Matter Experts on hot topics of importance to tax professionals.

### **Topics:**

OIC & Partial Pay Installment Agreements  
e-Services  
Compliance  
The Examination Process  
Taxpayer Advocate Service

### **Location:**

Embassy Suites, South San Francisco  
250 Gateway Boulevard  
South San Francisco, CA 94080  
(650) 589-3400

### **Date & Time:**

Friday, January 20, 2006  
7:30 a.m. - Registration & Continental breakfast  
8:30 a.m. - 4:00 p.m. - Program

### **Cost:**

\$80 for CSEA Members before January 6, 2006 and \$95 after;  
\$95 for non-Members before January 6, 2006 and \$110 after  
Registration fee includes continental breakfast, lunch, and all course material.  
(Any fees charged are by the practitioner organization and not the IRS)

### **CPE:**

CTEC 2509 - Fed 7 hours  
California Board of Accountancy - 7 hours  
IRS/CSEA/NAEA: 7 hours

For more information, contact the California Society of Enrolled Agents at (916) 366-6646, or register for the event via the [Registration Form](#)

**SOLANO-NAPA CHAPTER CSEA**

## **Important Notice Regarding The Society Websites ([www.csea.org](http://www.csea.org) and [www.enrolledagent.org](http://www.enrolledagent.org))**

The Society is always striving to improve the service we provide to you, our Members. As a part of that constant effort, on December 19th, 2005, in conjunction with the use of a new software package, the [csea.org](http://www.csea.org) and [enrolledagent.org](http://www.enrolledagent.org) websites will be combined into one website that will be found at [www.csea.org](http://www.csea.org). Visually, everything will look like the [csea.org](http://www.csea.org) website. All of the functionality that you have come to expect from the [enrolledagent.org](http://www.enrolledagent.org) website will be available, as well as some enhanced things that we've got under wraps until opening day. We're sure you'll be as pleased with the results as we are.

To prepare for this big change, the Preferences section of the [enrolledagent.org](http://www.enrolledagent.org) website will be removed from service on Friday, December 9th, 2005. Between then and the unveiling of the newly combined website, please inform the office of changes to your information directly, or if you prefer, you can make the changes yourself on the newly combined website after the unveiling. Either way, the Society thanks you in advance for your patience and your continuing membership.

### **2006 Mileage Rates**

Beginning Jan. 1, 2006, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

- 44.5 cents per mile for business miles driven;
- 18 cents per mile driven for medical or moving purposes; and
- 14 cents per mile driven in service of charitable organizations, other than activities related to Hurricane Katrina relief.

The new rate for business miles compares to a rate of 40.5 cents per mile for the first eight months of 2005. In September, the IRS made a special one-time adjustment for the last four months of 2005, raising the rate for business miles to 48.5 cents per mile in response to a sharp increase in gas prices, which topped \$3 a gallon.

*Revenue Procedure 2005-78 contains additional information and limitations on the use of the standard mileage rates.*

### **Last Chance Update Seminar Jan. 13, 2006**

Up-to-the-minute help for the coming tax season! **Are you ready for the 2005 Changes?** Head of Household & Dependent rules, charitable deductions, California conformity and nonconformity, energy credits plus much more will be covered. Hear nationally known speakers **Claudia Hill, EA, MBA & Vicki Mulak, EA, CFP** at the Four Points Hotel Sheraton, 1010 Northgate Dr, San Rafael, CA. Prepare yourself for 2005 Federal and California changes and receive 8 Hrs CPE. Seminar schedule is from 8 am – 4:30 pm. Special room rates are available to help you avoid the commute gridlock (see registration form). **Registration forms are available at [www.northbayea.com](http://www.northbayea.com) under Seminars.** Early bird **discount of \$30** makes this seminar even more affordable for registrations received by 12/15/05. Forms may be faxed to Clarke Nelson, EA at (650) 594-8453, or mailed to him at: 865 Laurel Street, San Carlos, CA 94070. If you have any questions contact Clarke at (650) 592-6001.

# Last Chance Update

Hear Nationally  
Acclaimed Speakers

**Claudia Hill, EA, MBA  
&  
Vicki Mulak, EA, CFP**

**2005 Federal Update  
California Update  
8 Hours CPE  
(5 Federal & 3 State)  
Just in time for  
Income tax season!**

## Four Points Hotel Sheraton

1010 Northgate Drive, San Rafael, CA (415) 479-8800

Special Room Rate Available  
Call 415-755-6141  
Ask for "Meeting Rate"

Continental Breakfast, Lunch and Breaks included

**Friday, January 13, 2006**

**Seminar 8am – 4:30pm**

*Registration begins at 7am*

Sponsored by North Bay Chapter, California Society of Enrolled Agents

Member \_\_\_\_\_ Staff of (name) \_\_\_\_\_ Non-member \_\_\_\_\_

EA \_\_\_\_\_ CPA \_\_\_\_\_ C-TEC \_\_\_\_\_ Other \_\_\_\_\_ Enrollment # (required for CPE credit) \_\_\_\_\_

Name \_\_\_\_\_

Firm Name \_\_\_\_\_ Name for Badge \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_ Email Address \_\_\_\_\_

### Postmarked or faxed

\* CSEA/NAEA Members & Staff  
\* Non-Members

**By 12/15/05**

**\$179**

**\$199**

**After 12/15/05**

**\$209**

**\$229**

Check payable to: North Bay Chapter, CSEA

*\*\*Please circle price paid*

Charge: Visa \_\_\_\_\_ MasterCard \_\_\_\_\_ American Express \_\_\_\_\_ Expiration Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Card Number \_\_\_\_\_ Signature Cardholder x \_\_\_\_\_

Request for cancellation must be received by December 30, 2005 and is subject to a service charge of \$50 per registrant.

Check here if you need special accommodations to fully participate and describe:

Please Fax or Mail to:

**Clarke Nelson, EA                      Fax: 650-594-8453  
865 Laurel Street, San Carlos, CA 94070**

Questions? Contact Clarke Nelson, EA: 650-592-6001