



# SOLANO-NAPA NEWS

CALIFORNIA SOCIETY OF ENROLLED AGENTS



**"WE SPEAK TAX" - the Tax Professionals**

**Volume II, Number 9**

**November 2006**

## Chapter Board and Dinner Meeting

Next Board and Dinner Meeting, Tuesday, November 28, 2006 at Napa Elks Club, 2840 Soscol Ave. Napa.

Board Meeting 4:00 pm  
Dinner 6:00 pm

**Topic: Ethics, Ethics, Ethics!**  
See you there!!

## 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 other locations in the Solano-Napa area.

### **Breakfast Meetings – 8:00 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 Tereza Avalos, EA, fax (707) 678-1144 or email: [tereza@tabertax.com](mailto:tereza@tabertax.com) by 5 pm on the third Tuesday of each month.

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!) See driving directions insert.

## Napa Satellite Group Luncheons

Napa Satellite Group meets on the **third Thursday** of each month. These luncheons are at the Napa Elks Club, 2840 Soscol Ave., Napa. Meetings start at the 12:30 pm.

### **Lunch Meeting – 12:30 pm to 2:00 pm**

Invitation is open. **Cost is \$14.** For reservations, contact Chuck Gravett's office at (707) 258-1030 and RSVP with his secretary. Make checks payable to Linda Luchsinger.

Jerry Pusateri, EA is available for car pool from Fairfield.

## **President's Message**

Ah...October 16<sup>th</sup> is past. Time to breathe easy and get caught up on all you have neglected. Eat right, sleep normal hours and do things you need to do before it all starts over again. I always feel like I'm hibernating this time of year. Things are at a slower pace and I just don't want to deal with deadlines. Be sure to take time to be with family and friends and appreciate all that we have. I plan to take time for a trip to Santa Cruz and go Lighthouse hunting. Just sit back and relax while listening to the soothing sounds of the ocean.

Anne Arms and I went to North Bay's dinner meeting to celebrate their 20<sup>th</sup> year as a chapter of CSEA. Most of the living past presidents were in attendance as well as some past CSEA presidents. I look forward to our 20<sup>th</sup> (hopefully I will be among the living past presidents). If I have my fathers' longevity, I will be there!

The dinner topic at that meeting was Medicare Premium presented by a representative from the Social Security Administration. The cost of living increase for social security will be 3.3% for 2007. Good to know for those 2007 estimate taxes. The maximum taxable earnings for Social Security will be \$97,500 in 2007 and the quarter of coverage will be \$1000. The standard Medicare Part B monthly premium will be \$93.50, an increase of \$5 **(See Prez on page 4)**

*- - - WIN - - -*  
*- - FREE SUPER SEMINAR - -*

SOLANO NAPA CHAPTER, in the small chapter category, had the largest increase in membership, 2005 - 2006.

With that honor comes a free SUPER SEMINAR Registration.

There will be a drawing at the dinner meeting,  
on Tuesday, February 27, 2007.

Tickets may be purchased for \$10.

Or

You will receive one ticket for each Solano Napa function you attend beginning November 1, 2006. This includes:

Breakfast in Fairfield - 2<sup>nd</sup> Tuesdays

Lunch in Napa - 3<sup>rd</sup> Thursdays

Dinner in both locations - 4<sup>th</sup> Tuesdays

Holiday Party - Tuesday, December 12, 2007

Or

Sponsor a new member by February 15, 2007, and receive 5 tickets

Or

Win the dinner drawing and trade for 3 tickets

Need not be present to win. Registration may be in Reno or Las Vegas.

Early Bird deadline is March 15, 2007

Questions? Order by mail? Call - Anne Arms - (707) 745-1040

1075 First St, Suite 6, Benicia, CA 94510

**Suspicious e-Mails and Identity Theft**

The Internal Revenue Service has issued several recent consumer warnings on the fraudulent use of the IRS name or logo by scammers trying to gain access to consumers' financial information in order to steal their identity and assets. When identity theft takes place over the Internet, it is called phishing.

**Suspicious e-Mail/Phishing**

Phishing (as in "fishing for information" and "hooking" victims) is a scam where Internet fraudsters send e-mail messages to trick unsuspecting victims into revealing personal and financial information that can be used to steal the victims' identity. Current scams include phony e-mails which claim to come from the IRS and which lure the victims into the scam by telling them that they are due a tax refund.

- [IR-2006-116](#), IRS Renews E-mail Alert following New Scams
- [IR-2006-104](#), IRS Renews E-mail Alert Following New Scams
- [IR-2006-49](#), IRS Establishes e-Mail Box for Taxpayers to Report Phony e-Mails
- [Sample of a suspicious/phishing e-mail](#)
- [Is it a phishing Web site?](#)
- [How to Protect Yourself from Suspicious E-Mails or Phishing Schemes](#)

**You Can Help Shut Down Phishing Schemes** The good news is that you can help shut down these schemes and prevent others from being victimized. If you receive a suspicious e-mail that claims to come from the IRS, you can relay that e-mail to a new IRS mailbox, [phishing@irs.gov](mailto:phishing@irs.gov). Follow instructions in the link below for sending the bogus e-mail to ensure that it retains critical elements found in the original e-mail. The IRS can use the information, URLs and links in the suspicious e-mails you send to trace the hosting Web site and alert authorities to help shut down the fraudulent sites. Unfortunately, due to the expected volume, the IRS will not be able to acknowledge receipt or respond to you.

- [phishing@irs.gov](mailto:phishing@irs.gov)
- [Instructions for submitting phishing e-mails to IRS](#)
- [IR-2006-49](#), IRS Establishes e-Mail Box for Taxpayers to Report Phony e-Mails

**Identity Theft**> Identity theft can be committed through e-mail (phishing) or other means, such as regular mail, fax or telephone, or even by going through someone's trash. Identity theft occurs when someone uses your personal information such as your name, Social Security number or other identifying information without your permission to commit fraud or other crimes. Typically, identity thieves use someone's personal data to empty the victim's financial accounts, run up charges on the victim's existing credit cards, apply for new loans, credit cards, services or benefits in the victim's name, file fraudulent tax returns or even commit crimes. People whose identities have been stolen can spend months or years — and their hard-earned money — cleaning up the mess thieves have made of their good name and credit record. In the meantime, victims may lose job opportunities, are refused loans, education, housing or cars, or even get arrested for crimes they didn't commit.

- [Identity theft DVD](#), Outsmarting the Crooks
- [Identity Theft and Your Tax Records](#)
- [Social Security announces public warning of identity theft e-mail scam](#)

**Recent Schemes**>When the IRS learns about schemes involving use of the IRS name, it tries to alert consumers as well as authorities that can shut down the scheme, if possible. The most recent schemes are listed below. One e-mail scam, fraught with grammatical errors and typos, looks like a page from the IRS Web site and claims to be from the "IRS Antifraud Commission" (sic), a fictitious group. The e-mail claims someone has enrolled the taxpayer's credit card in EFTPS and has tried to pay taxes with it. The e-mail also says there have been fraud attempts involving the taxpayer's bank account. The e-mail claims money was lost and "remaining funds" (sic) are blocked. Recipients are asked to click on a link that will help them recover their funds, but the subsequent site asks for personal information that the thieves could use to steal the taxpayer's identity.

- E-mails claiming to come from [tax-refunds@irs.gov](mailto:tax-refunds@irs.gov), [admin@irs.gov](mailto:admin@irs.gov) and similar variations told the recipients that they were eligible to receive a tax refund for a given amount. It directed recipients to claim the refund by using a link contained in the e-mail which sent the recipient to a Web site. The site, a copy of the IRS Web site, displayed an interactive page similar to a genuine IRS one; however, it had been modified to ask for personal and financial information that the genuine IRS interactive page does not require.

For more information on the various schemes, see the following:>[IR-2005-136](#), IRS Warns of e-Mail Scam About Tax Refunds [IR-2006-25](#), IRS Announces 2006 Dirty Dozen Tax Scams [TIGTA Computer Security Bulletin](#) [TIGTA Report on Phishing](#) [Alert on QI Identity Theft](#)

- **To Report Fraud**  
For other than phishing schemes, you may report the fraudulent misuse of the IRS name, logo, forms or other IRS property by calling the TIGTA toll-free hotline at 1-800-366-4484 or visiting the [TIGTA Web site](#).

**(Prez Message from page 1)**

from the current premium. Due to the Medicare Modernization Act, beginning in 2007, single beneficiaries with annual incomes over \$80,000 and married couples with incomes over \$160,000 will pay a higher Medicare Part B premium. The income related Part B premiums for 2007 will be \$106, \$124.70, \$143.4 or \$162.10, depending on the extent the beneficiary's income exceeds the \$80,000/\$160,000 limit. Letters will be going out Dec 1<sup>st</sup> to all those covered by Medicare Part B. There will be a three year transition period, and those higher income beneficiaries will pay a monthly premium equal to 35, 50, 65, or 80% of the total cost, depending on their income level. Our clients will not be happy about this and might be calling us.

We all receive prior to our birthdays each year our Social Security Earnings Statement. This is based on past earnings and it is estimated that your earnings will remain constant and you will retire at the full retirement age. What happens if you switch to part time, have a job change or decide to retire before 62 and start collecting early? The Social Security website has calculators to assist in calculating the estimate benefits for different retirement dates and earnings patterns. The main website is [www.socialsecurity.gov](http://www.socialsecurity.gov) and the calculators are at [www.socialsecurity.gov/calculators.htm](http://www.socialsecurity.gov/calculators.htm).

Were you at our October dinner? If not, you missed a great presentation. Phil and Jerry were wonderful and I see a bright future in store for them. Be on the look out for them on the education circuit. We knew them when.....

***Happy Holidays*** to all of you!

Alma Guenther, **EA**, President

Check out this income tax refund instructions:



October.pps

From NAEA.....

### **I Walk the Line**

Thinking of continuing to prepare taxes for a couple that's divorcing? Better read what the web boarders say, both pro and con. And along the way, you can pick up sample conflict of interest letters specifically for divorcing clients. Find all this and more at the Ethics section of the NAEA Member Community web board. To access the Member Community, log in to [www.NAEA.org](http://www.NAEA.org) using your 6 digit NAEA ID and your 5 digit zip code. Go to Resources, then to the Member Resources section and click on Member Community, the first option down. You'll need to log in with a different name and password here. If it's your first time, please contact [Sarah Downey](#) to obtain your name and password for the Member Community.

### **Update Yourself**

Have you updated your information on the NAEA website of late? If not, sign in to the site and look to the bottom of the left side of the screen for View/Edit my Profile, located directly under the Log Out option. By clicking on My Profile you can change your contact information, personal information and interests, and may opt in or out of inclusion in the directory. There's also a simple text box where you can use up to 500 spaces to describe yourself or your business!

From CSEA....

Dear CSEA Members, Affiliates, and Associates, State Controller and Franchise Tax Board Chair Steve Westly today announced new changes in California tax law that gives registered domestic partners the same tax filing status as married couples. Under current State and federal law, domestic partners use the single or head of household filing status.

"California has recognized domestic partnerships since 2003, but State tax laws have not," Controller Westly said. "This new law will ensure that domestic partners are given fair treatment by getting the same filing status as their married counterparts."

Senator Carole Migden, (D-San Francisco), authored SB 1827 which provides for registered domestic partners to file their state tax returns using either the "married filing jointly" status or "married filing separate." The new law takes effect for tax year 2007, which taxpayers will begin filing in January 2008, and does not impact federal tax law.

The Franchise Tax Board (FTB) has formed an implementation team to review the various processes, forms and system changes needed for implementation by January 1, 2008. FTB is also in the process of establishing a focus group of interested parties consisting of tax practitioners, the State Bar Association, and domestic partner groups. The focus group will begin meeting next month to discuss tax planning guidance for affected taxpayers and tax professionals. Such issues being discussed include how to compute adjusted gross income for state purposes, capital gains and loss rules, and other areas of tax law impacted by this new law.

"In California, SB 1827 provides registered domestic partners with the same rights as married couples," said John Chiang, Chair of the State Board of Equalization and member of the FTB. "I am going to recommend that the FTB hold public sessions around the state to explain the details and procedures of the legislation, as these become available."

Chiang added that the measure creates a complication since registered domestic partners will now have a different filing status for California than they have for federal purposes.

FTB is the agency tasked with implementing the new law, which requires new programming and testing of its automated system, as well as creating new tax forms. The FTB will also work collaboratively with tax practitioners, domestic partner groups and other interested parties to ensure the successful implementation of the law.

Taxpayers and interested parties can submit questions on this matter via the FTB's Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or by emailing RDP@ftb.ca.gov.

CSEA Staff

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This email message contains information and/or advertising from the California Society of Enrolled Agents. Questions or comments involving this message that are not related to your subscription status should be addressed to:

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916-366-6674 (Fax)

<http://www.csea.org> (Public)

Email: [info@csea.org](mailto:info@csea.org)

## WHAT IS YOUR PRACTICE WORTH?

Many of our tax practices are worth hundreds of thousands of dollars. You have taken steps to protect you and your family with disability insurance, life insurance, etc. What will happen to the value of your asset if you become disabled or if you pass away? If you have planned well, you might have a contingency plan in place. However, many of us have not been able to find a way to protect the value of the practice. It is very possible that the value of our practices will be greatly diminished, if not eliminated in the event of disability or death.

The Solano-Napa chapter of Enrolled Agents has developed a plan to assist its members through member participation in Preservation of Practice due to Medical Emergency or Death (PPMED). PPMED chairperson, Michael Klobas, EA, has prepared letters that will be mailed to members in December 2006. There is a letter of renewal for members who have participated in the past and who wish to renew, and a letter of introduction to the benefits and requirements of the plan.

Look for those letters. Read them carefully and consider the benefits of participation.

# Solano-Napa Officers and Directors

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### *hEArD It Through The Grapevine*

Increase Dinner Meeting Prices  
Effective January 2007

Members and staff           **\$35**  
Non-members                   **\$40**

**Members with Standing  
Reservations or timely RSVP  
receive \$5 discount for \$30 cost.**

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# Solano-Napa Chapter CSEA

c/o Matt Jones, EA

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Vallejo, CA 94591-5610

**First Class Mail**

Return Service Requested



## **2006-2007 CALENDAR OF EVENTS**

### NOV

- 01 CSEA Audio Tax – Trusts and Estates Series  
Register at [www.csea.org/events](http://www.csea.org/events), 11am
- 14 Solano-Napa Breakfast (2<sup>nd</sup> Tue.) 8:00 am  
Jack & Linda's Country Café, Fairfield  
Topic: **What do you do when client does not report all income?**
- 16 Napa Satellite Group, Lunch Meeting, Napa Elks Club, 2840 Soscol Ave, Napa, 12:30 pm
- 28 Solano-Napa Board Meeting, **4:00 pm**  
Napa Elks Club, 2840 Soscol Ave., Napa
- 28 Solano-Napa Dinner (4<sup>th</sup> Tue.) 6:00 pm Topic:  
**Ethics**, Napa Elks Club, 2840 Soscol Ave., Napa

### DEC

- 12 Solano-Napa Breakfast (2<sup>nd</sup> Tue.) 8:00 am  
Jack & Linda's Country Café, Fairfield  
Topic: **What do you do when client improperly classifies independent contractor?**
- 12 Solano-Napa Board Meeting, 4:00 pm  
Jack & Linda's Country Café, Fairfield
- 12 Solano-Napa **Holiday Party and Special Meeting**, 6:00 pm, Jack & Linda's Country Café, Fairfield

### JAN

- 05 Legislative Day in State Capitol, Capitol Plaza  
Holiday Inn, Sacramento
- 06-07 CSEA Board Meeting in Sacramento, 8:00 am
- 09 Solano-Napa Breakfast (2<sup>nd</sup> Tue.) 8:00 am  
Jack & Linda's Country Café, Fairfield  
Topic: **What do you do when client is audited?**
- 18 Napa Satellite Group, Lunch Meeting, Napa Elks Club, 2840 Soscol Ave, Napa, 12:30 pm
- 23 Solano-Napa Board Meeting, 4:00 pm  
Solano-Napa Dinner (4<sup>th</sup> Tue.) 6:00 pm Topic:  
TBA

### FEB

- 27 Solano-Napa Dinner (4<sup>th</sup> Tue.) 6:30 pm  
**Tax Panel Discussion**  
Jack & Linda's Country Café, Fairfield

### MAR

- 27 Solano-Napa Dinner (4<sup>th</sup> Tue.) 6:30 pm  
**Tax Panel Discussion**  
Jack & Linda's Country Café, Fairfield

### APR

T.G.I.O. Luncheon, date and location TBA

### MAY

- 08 Solano-Napa Breakfast (2<sup>nd</sup> Tue.) 8:00 am  
Jack & Linda's Country Café, Fairfield
- 17 Napa Satellite Group, Lunch Meeting, Napa Elks Club, 2840 Soscol Ave. Napa, 12:30 pm