



SOLANO-NAPA NEWS

CALIFORNIA SOCIETY OF ENROLLED AGENTS



"WE SPEAK TAX" - the Tax Professionals

Volume II, Number 13

May 2007

TIME TO VOTE! **ELECTION OF OFFICERS**

We will have election of officers at our next meeting, Tuesday, May 22, 2007, at Jack and Linda's Country Café, 2390 N Texas St, Fairfield. Your participation is vital to the continued success of our Chapter. Come and cast your vote!

President's Message

Ah, spring time and the end of Tax Season. Or at least the end of the first rush to get returns done without an extension. Now we have five and half months to get those extensions done. I, for one, plan to get them out the door ASAP! Last October was too stressful for me and I do not wish to repeat it. Another thing, I truly hope to never repeat is to wait until the last day to file extensions for my clients who did not feel any urgency to get those darn Forms 8879 back to me. Next year, I plan to cut off and file extensions much earlier. I may not actually leave and close my office like some of our fellow EAs, but I will not trust Lacerte and Intuit to plan for our last minute filers! In 31 tax seasons, I have never had problems filing on the last day. Okay, maybe e-file wasn't around that long, but I have never been so stressed to file those extensions.

Do any of you have a wish list for your software provider? What would you like them to do different? What enhancements do you want see done for next filing season? I have a list and plan to email Lacerte with my suggestions (complaints). Contact your software provider, if many preparers suggest the same changes, maybe they will listen! I am looking forward to Peggy's after tax season Lacerte Users Group where we can discuss our experiences and Wish Lists. (See Prez on page 2)

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:

6:00 pm	Attitude adjustment
6:30 pm	Dinner
After dinner	Education

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 \$35, Members and staff, \$40, 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 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.

(Prez from page 1)

Tax Season is over, now it is time to jump into our Chapter activities. We will elect officers and directors for fiscal year 2007-2008 at our May dinner meeting. The installation of elected officers and directors will be at our June dinner meeting. CSEA Supers are also in May and June. Be sure to pay attention to the **new CPE regulations**. These new rules are detailed later in this newsletter. Not following the new procedures could leave you without any CPE credit.

Our Planning Retreat is scheduled for Saturday, May 19th at Jack & Linda's from 9:30am to 3pm. Come one and all to help map out our Chapter plans and goals for this year and the years to come. All are welcome, please consider attending. Let me know if you do plan to come. I need a head count for food.

Our Board Orientation date has been changed to June 30th. June 23rd is the CSEA Board Meeting in Ventura. Since science has not figured out how to clone humans, and several of us will be in Ventura, the date had to be moved to Saturday June 30th 9:30am to 3pm, also at Jack & Linda's.

Alma Guenther, **EA**, President



NEW ATTENDANCE & CPE CERTIFICATE PROCEDURES

Every Super Seminar attendee will be required to check in every morning of Super Seminar to pick up his/her Record of Attendance for the day. An attendee will not be considered present at the Seminar until his/her Record of Attendance has been picked up. The Registration counter will open at 6:30 a.m. every morning to facilitate this process. An attendee will not get credit for any session attended before picking up his/her Record of Attendance for the day. Record of Attendance forms must be turned in by 5:15 p.m. each day or credit will not be given. CPE Certificates will not be accepted after 5:15 p.m. each day (Except for Day 2, Session 37). Absolutely no exceptions will be made. The Society will mail CPE Certificates to all attendees once the Society has updated its database based on the Record of Attendance forms. Attendance monitoring and verification is required by OPR, CTEC, NASBA, CFP Board of Standards, and the California State Bar. More information will be available onsite when you check in.

From CSEA BEAcon May 2007

**www.csea.org/auction Call us
"EAbay," Baby!**

Once again this year, CSEA is sponsoring an Internet auction. We need YOUR help with donations and bidding; we've got a lot of fun stuff coming in, and we're going to be adding new things each and every day! The auction goes "live" within a week, so keep your eyes (and your wallet!) open for a ton of GREAT stuff!

Be SUPER Yourself – Volunteer to Assist at a Super Seminar!

We need YOUR help... In the past, when we've asked you to step forward and serve, you've always done so. If you're attending a Super Seminar this year (and you SHOULD be!), please volunteer to serve distributing registration packets, introducing/escorting speakers, or writing questions for Super Seminar CPE online sessions. Satisfaction – supporting CSEA Members and prospective Members – is guaranteed! You'll find a Supers volunteer form in the February/March or April/May issues of *California Enrolled Agent* magazine, or call Bronwyn Hughes at 800/777-2732, ext. 20. THANK YOU!

This is an open invitation to all CTEC and other tax professionals to join our chapter:



Dear Business Professional:

President:

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(707) 643-2226; Fax (707) 643-2222
e-mail: almaea@pacbell.net

1st Vice-President:

Ken Spingola, EA
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2nd Vice-President

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CSEA Director

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IPP

Anne Arms, EA
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email: armspna@aol.com

The Solano-Napa Chapter of the California Society of Enrolled Agents would like to inform you of our upcoming and continuing meetings. The meetings are open to all tax, bookkeeping, payroll, accounting, legal and financial business professionals with an interest in taxation.

Breakfast Meetings – 8:00 am – 9:00 am: On the second Tuesday of each month Solano-Napa EAs meet to share information with other EAs, tax professionals, and interested parties. They are Breakfast Meetings where a predetermined topic will be discussed. All attendees are encouraged to participate by sharing their knowledge and experience. The meetings are at Jack & Linda's Country Cafe, 2390 N. Texas Street, Fairfield, CA and, as announced, at other locations in the Solano-Napa area. Cost is Dutch Treat.

Dinner Meetings – 6:00 pm – 8:30 pm approx. 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 \$35, Members and staff and \$40, nonmembers. 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 e-mail: tereza@tabertax.com by 5 pm on the third Tuesday of each month.

Napa Satellite Group meets on the third Thursday of each month. These luncheons are at the Napa Elks Lodge, 2840 Soscol Ave, Napa. Meetings start at **12:30 and last till about 2:00pm.**

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.

If you would like to be placed on our e-mail list and receive our e-mail newsletter, please contact either of the following two people and they would be happy to oblige.

Alma Guenther, EA-Chapter President
Ph. 707-643-2226 e-mail: almaea@pacbell.net

Jerry Pusateri, EA-Membership Chair
Ph. 707-426-4396 e-mail: untaxit@pacbell.net

Respectfully,
Alma Guenther, EA
President, Solano-Napa CSEA

For your convenience, a CSEA Professional Associates Application is attached to this Newsletter.

We believe that the benefits of membership are well worth the fee.

C Corporation, S Corporation, What should we choose?

Edited excerpt from a NSA SPECIAL ALERT MARCH 12, 2007:

RETURN PREPARATION AND BOOKKEEPING SERVICES ARE ACCOUNTING SERVICES FOR PSC PURPOSES

March 8 decision of the Tax Court may have a significant impact on the business of tax professionals. The Tax Court decided in *Rainbow Tax Service v. IRS* that a solely owned corporation that offered tax preparation and bookkeeping services was engaged in accounting services under section 448(d)(2), I.R.C. As a result, the corporation is subject to the sec. 11(b) (2), I.R.C., flat 35-percent tax rate applicable to qualified personal service corporations. Activities were considered the providing of “accounting services” by the Tax Court. Rainbow had calculated its tax using the graduated tax rates applicable to corporations as set forth in sec. 11 (b) (1), IRC. The Tax Court instead found that, because Rainbow met both the function test (substantially all of its activities was providing “accounting services”) and the ownership test (more than 95% of the stock was owned directly or indirectly by employees providing the services), Rainbow was a personal services corporation and should be taxed at the flat 35% rate as specified in sec. 11 (b) (2), IRC. One option may be to change your corporation’s status and become a Subchapter S corporation. The filing deadline for this election was March 15. Other options may exist depending on your personal situation, but by all means review those options.

Excerpt from NAEA E@lert

It is important for EAs to keep in mind something you already know: there are advantages and disadvantages to S-Corp and C-Corp structures. And in fact, the lesson NOT to draw from this is that C-corps are

inherently problematic for EAs. The crux of the issue PSC rates apply to net C corporate profit—no profit (think bonuses to shareholders, for instance), no PSC tax. As a refresher, the minuses of an S-Corp include: shareholder numbers and types are limited; shareholders owning more than 2% of the corporation must taxes on many fringe benefits that could be tax-free to an employee of a C corporation (this includes fringes such as auto allowance and health insurance); the required tax year for an S corporation is the calendar year unless there is a specific exception to this requirement; losses cannot be used unless the shareholder has basis in the stock; and, built in gains tax applies if a C-Corp elects S status and the combined FMV of its property is greater than basis, and the property is sold or distributed within 10 years of the S-Corp election. As a result, any conversion to S-Corp status should not be done precipitously and in fact it cannot be, given that it requires IRS permission. While S-Corp elections will prevent PSC status, S-Corps are not necessarily best form of business for you as an enrolled agent.

(From IRS News Release) IRS Strengthens Withholding Compliance Program

The IRS has stepped up its withholding compliance program by making more effective use of information reported on W-2 wage statements to ensure that employees have enough federal income tax withheld from their paychecks. At the same time, employers are no longer required to submit potentially questionable Forms W-4 to the IRS.

For more information:

- [Withholding Compliance Questions & Answers](#)
- [IRS Strengthens Withholding Compliance Program; Reduces Paperwork for Employers](#)

**CSEA'S 2005-2006
"Chapter of the Year"
SOLANO-NAPA CHAPTER**

INTRODUCES THE 3rd ANNUAL

Solano-Napa Special Summer Mini Seminar Series

August 17, 2007, 9:00 am to 1:00 pm

**So You Think You Don't Do Representation Work?
Every Day Representation Knowledge
for the Every Day Tax Professional**

Presenter: Gerald Pusateri, EA

September 21, 2007, 9:00 am to 1:00 pm

Rental Brush up

Multiple Properties? Multiple Owners?
Investment Homes & Holding Title,
Choice of Entity & 12 Concepts
Each New Rental Owner Needs to Know.

Presented by Phil Fiegler, EA
and Gerald Pusateri, EA

October 19, 2007, 9:00 am to 1:00 pm

Tax Free Exchanges

Is It Tax free? Is It An Exchange?
Here's How To Make It Work.

Presenter: Alma Guenther, EA

**Registration Fee: \$85 for One Seminar, \$145 for Two, \$199 for Three.
Includes Continental Breakfast**

All seminars at Jack & Linda's Country Café, 2390 N Texas Street, Fairfield, CA 94533

Registration Form on Attached
For more information contact: Alma Guenther,
707-643-2226 or almaea@pacbell.net

Registration Form is also an attachment to this newsletter.

Special price for all three sessions!

1 Session	\$85
2 Sessions	\$145
3 Sessions	\$199

Deadline: Friday prior to event

****After deadline price will be \$90 per session****

Special Pricing Deadline is August 10, 2007

Registration Form

Name: _____

Address: _____

Tel: _____

Fax: _____

Email: _____

Circle number of sessions

1	2	3
\$85	\$145	\$199

Circle session(s) of choice

A B C

Credit Card: MC Visa Am Express

Card #: _____

Exp. Date: _____

Name on Card: _____

Signature: _____

Mail or fax form to:
 Alma Guenther, EA
 715 Tennessee Street
 Vallejo, CA 94590
 Fax: (707) 643-2222

Questions:
 Alma Guenther, EA
 Ph: (707) 643-2226
 Email: almaea@pacbell.net

Solano-Napa Officers and Directors

President	Alma Guenther, EA 707 643-2226 almaea@pacbell.net	Directors	Phil Correia, EA 707 426-0920 pcorreia@sbcglobal.net
1st Vice President	Ken Spingola, EA 707 553-2645 kspingola@comcast.net		Matt Jones, EA 707 557-6868 mattstax@sbcglobal.net
Secretary	Lea Garrity, EA 707 386-3390 leagarrity@charter.net		Mike Klobas, EA 707 449-8146 mklobas@pacbell.net
Treasurer	Chris Raycraft, EA 707 428-4741 craycraftea@sbcglobal.net		Tereza Avalos, EA 707 678-1144 tereza@tabertax.com
CSEA Director	Gerald Pusateri, EA 707 426-4396 untaxit@pacbell.net		Donald Wulf, EA 707 252-0442 dwulf@calltpac.net
Immediate Past President	Anne Arms, EA 707 644-9016 armspna@aol.com		Sherri Scarrott, EA 707 426-9472 eataxldy@pacbell.net

Chapter Committee Chairs

AUDIT Phil Correia, EA 707 426-0920 pcorreia@sbcglobal.net	SEMINAR/SITE Sherri Scarrott, EA 707 426-9472 eataxldy@pacbell.net	NOMINATING Peggy Elliott, EA 707 421-8088 peggye@aol.com	PUBLIC AWARENESS Lillian Meyers, EA 707 935-1124 lillian@meyersfinancial.com
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Preservation of Practice due to Medical Emergency or Death (PPMED) Mike Klobas, EA 707 449-8146 mklobas@pacbell.net		FINANCE & BUDGET Doug Ellis, EA 707 448-1407 dellisea@pacbell.net	NEWSLETTER Matt Jones, EA 707 557-6838 mattstax@sbcglobal.net

hEArD It Through The Grapevine **Already Registered for Supers?**

Save Time and money! Pre-order [Audio CDs](#) and [Syllabi](#) for the Sessions you couldn't fit into your schedule. Other important information for a successful Supers can be found at [The California Society of Enrolled Agents - Super Seminar 2007 Registrant Information](#).

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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



2006-2007 CALENDAR OF EVENTS

MAY

- 08 Solano-Napa Breakfast (2nd 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
- 19 Solano-Napa **Planning Retreat**, 9:30 am
Jack & Linda's Country Café, Fairfield
- 22 Solano-Napa Board Meeting, 3:30 pm
Solano-Napa Dinner (4th Tue.) 6:30 pm Topic:
Officers and Directors Elections
- 31 CSEA, **Super Seminar**, Grand Sierra Resort &
Hotel, Reno, NV

JUN

- 01-02 CSEA, **Super Seminar**, Grand Sierra Resort &
Hotel, Reno, NV
- 11-13 CSEA, **Super Seminar**, South Point Hotel &
Casino, Las Vegas, NV, **Session A**
- 12 Solano-Napa Breakfast (2nd Tue.) 8:00 am
Jack & Linda's Country Café, Fairfield
- 14-16 CSEA, **Super Seminar**, South Point Hotel &
Casino, Las Vegas, NV, **Session B**
- 21 Napa Satellite Group, Lunch Meeting, Napa
Elks Club, 2840 Soscol Ave, Napa, 12:30 pm
- 23 CSEA Annual Meeting, Hosted by Channel
Island Chapter, Ventura Beach Marriott,
Ventura,

- 26 Solano-Napa Board Meeting, 3:30 pm
Solano-Napa Dinner (4th Tue.) 6:30 pm Topic:
Install newly elected Officers and Directors
- 30 Solano-Napa **Board Orientation**, 9:30 am
Jack & Linda's Country Café, Fairfield

JUL

- 10 Solano-Napa Breakfast (2nd Tue.) 8:00 am
Jack & Linda's Country Café, Fairfield
- 19 Napa Satellite Group, Lunch Meeting, Napa Elks
Club, 2840 Soscol Ave, Napa, 12:30 pm
- 24 Solano-Napa Board Meeting, 3:30 pm
Solano-Napa Dinner (4th Tue.) 6:30 pm Topic:

AUG

- 14 Solano-Napa Breakfast (2nd Tue.) 8:00 am
Jack & Linda's Country Café, Fairfield
- 16 Napa Satellite Group, Lunch Meeting, Napa Elks
Club, 2840 Soscol Ave, Napa, 12:30 pm
- 17 Solano-Napa **Mini-Seminar**, 9:00 am – 1:00 pm
Jack & Linda's Country Café, Fairfield
Topic: **Representation**
- 28 Solano-Napa Board Meeting, 3:30 pm
Solano-Napa Dinner (4th Tue.) 6:30 pm Topic:

SEP

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