

MICHIGAN CHAPTER - NATP

National Association of Tax Professionals

MI-1040 REPORT

www.natptax.com

April 2005

PRESIDENT'S REPORT

Another tax season has come to a close or at least a lull until the August 15 deadline nears. It is time to evaluate the season and look ahead. A lot of changes to our profession are coming down the line. More proposals to regulate tax professionals are coming to light. More talk of tax cheating and stronger IRS enforcement. Free e-filing is being promoted and used by growing numbers. Not the least of what we are facing is the software companies telling Americans how easy it is to do their own taxes at the same time the tax code has become ever more complex.

With all that is happening, it is more important than ever to belong to an organization like NATP; a group of your fellow professionals who face the same hurdles and have to meet the same deadlines have banded together to provide the services and knowledge we need to do our jobs.

Education is one of our main functions and I would like to think that NATP is the leader in the tax industry for quality education. I would urge anyone preparing taxes to attend our state Convention on May 19 & 20. There is something for everyone. Remember, too, our National organization's July 25 to 28th Convention in Minneapolis. From basic to complex, National gives you choices of topics and the written material for all the education sessions that are provided.

I hope to see our members make use of the resources our organization provides. It always concerns me how few of our nearly 800 Michigan members attend these seminars. Our education committee has worked long and hard to get top speakers on popular topics. Hope to see you.

Glen Mitchell, President

Education Committee Report

Have you had time to privately reflect upon the recently completed tax season? What did you observe about the running of your business? Did you discover an area in which you definitely require more knowledge? How about coming to Grand Rapids on May 19 and 20 to share those reflections, observations and discoveries with the rest of us? We have put together an agenda based on your requests and observations that starts on Thursday morning with Dave and Mary Mellem presenting Entity Comparisons and ends on Friday afternoon with Marilyn Meredith giving us the latest Federal Tax information. In between, Les Shapiro, Former IRS Director of Practice, will provide us with his unique insight into an area of concern for all of us—Ethics. Fred Kling, current President of NATP, has a nice presentation on a subject that should hit a hot button with all of us—pricing. George Molnar of Insurers Administration Corporation is going to give us information on an item that everyone is interested in—Health Savings Accounts. Dave and Mary will be presenting a few other choice topics as well. Sprinkled throughout the two days are short vignettes on stress relief, office procedures, and quality control. Sharon Barry will be giving a report on Children's Trust Fund activities. Take a look at the enclosed brochure for the complete agenda.

The May convention is an opportunity to provide the Education Committee, or any of the MI-NATP officers, with future subjects that you would like us to cover. Furthermore, this is an opportunity to volunteer to serve on the Education Committee. We are always looking for fresh volunteers. The Committee does meet periodically throughout the year, when subjects are chosen for future seminars.

Beanna Whitlock will be the featured speaker in September 2005. The exact subjects Beanna will present have not yet been defined, but we all know that with her background, the material will be both timely and excellent.

Grand Rapids in May is a chance to see friends-to make sure they survived another tax season and to show them you survived! See you in Grand Rapids.

Jerry Coon, EA

Vice President Education Committee Chairman

SPECIAL ITEMS AT OUR ANNUAL CONVENTION

SALLY FAHEY, NATP board member from New York will be here to share with us and bring the latest from our national board and office.

PRIZES will be awarded throughout the 2 days we are in Grand Rapids. Being given away are 2 free Piggyback Seminars, 2 free September seminars, Michigan Chapter NATP mugs, and \$100 toward attendance at the National Conference in Minneapolis.

The most special item is YOU. Come, network and share.

Government Relations

Michigan city tax administrators met with representatives of NATP on December 10, 2004 to discuss issues regarding city tax returns. The city administrators said that their biggest problem continues to be not receiving the returns. In the era of e-filing, many clients erroneously assume their city return is e-filed along with their federal and state returns. As a result, at least one tax office has offered to mail the city returns for their clients.

Watch for Grand Rapids and other cities to utilize 2-D barcodes for next year.

If you want to receive e-mail updates regarding Michigan tax legislative activity, e-mail your request to kvosburg@sbcglobal.net.

Kathy Vosburg, EA

NEED ETHICS ??

Of course you do, all tax professionals need to practice ethically and therefore need ethics training. Especially Enrolled Agents if your SS # ends in 0 thru 6, you need 2 hours of ethics training this year; and the remainder of the next year. As part of our May Spring Convention we are honored to have Les Shapiro, JD, put on a 2 hour Ethics presentation for us on Friday morning. Les served as the IRS Director of Practice from 1973-1995. Mr. Shapiro has written extensively on the subject of professional responsibility in tax practice and he is a frequent speaker and panelist at a number of colleges and universities, including the Michigan Law School, Georgetown University Law Center, and Harvard Law School. Mr. Shapiro is President of Padgett Business Services Foundation and he has been named by *Accounting Today* as one of the top 100 most influential people in accounting. We are truly honored to have Mr. Shapiro speak to us at our convention. He indicates that it will be a participatory session with the use of hypotheticals to the extent possible. He also intends to devote a short time talking about the new regulations in Circular 230 which become effective on June 20th and may apply to all tax professionals who hold themselves out to the public as such.

By Jim Berish, EA

“Are you getting what you’re worth?”

- 1) How to figure out what you should charge for your work.
- 2) Different pricing methods.
- 3) Are you a data collector or an educator?
- 4) Where to grow your dollars.

These are some items Fred Kling will touch on during his Thursday, May 19th presentation at the 2005 Michigan convention in Grand Rapids, Michigan. See enclosed registration form.

He has taught pricing and tax practice issues in many areas of the country to accountants for the past 10 years. He has been in the tax and accounting business since 1975 and has sold two tax and accounting practices and bought one also. He has a degree in accounting and economics. Oh, by the way, he has not had to advertise for new business since 1980. Fred says “clients come by the droves if you do things right!”

Bankruptcy Legislation

The Package X volumes may be filed away next to the Quickfinders®, Quick Answers® or Express Answers® but it is still tax time! Congress has provided our clients and ourselves with new things to consider. Developments in bankruptcy and professional responsibility merit our attention.

The new bankruptcy act, signed by the President on April 20, becomes effective October 17, 2005 for new cases. New "means testing" for individuals will require Chapter 13 (repayment) plans for most consumer debtors. This should result in creditors receiving at least a portion of those aging receivables. The act contains several tax provisions of note.

Federal income tax obligations will receive increased priority in bankruptcy proceedings, as well as those of other taxing authority. Existing provisions of Chapter 13, which in some cases allowed a discharge of income tax obligations even when no returns were filed, have been eliminated. Priority, non-fraudulent income tax claims will have priority and will not be dischargeable. (Fraudulent tax and other claims still will not be subject to discharge.)

The new act will reduce subordination of ad valorem tax liens and claims which may result in conflicts with IRS tax liens and will prevent debtors from contesting the amounts in bankruptcy court.

Other changes in the act affect Tax Court jurisdiction, setoff of tax refunds by IRS, retirement plans exemption from bankruptcy, stays of collection proceedings for all tax claims, disclosure of tax consequences in Chapter 11 proceedings, and a requirement in Chapter 13 cases that four years worth of tax returns be filed with the Bankruptcy court. Our record keeping systems may need some changes.

Congress will consider significant changes in tax preparer regulation as it considers Senate Bill 832, the "Taxpayer Protection and Assistance Act of 2005." NAEA has endorsed this proposal. If enacted, the bill would require IRS to determine "what standards need to be met in order for a person to prepare tax returns commercially" according to its sponsor, Senator Bingaman from New Mexico. Penalties under IRC §6695 (b) & (c) (failure to sign and failure to furnish I.D. number) would increase from \$50.00 to \$500.00. Refund Anticipation Loans "problems" would be addressed by the bill (section 6) by having RAL facilitators register with IRS. IRS would have to provide a public awareness campaign, using paid advertising, to "educate the public" on RAL's.

By Byron Kuxhaus, EA

WELCOME NEW MICHIGAN NATP MEMBERS

Kim Awrey	Gaylord	Janice Heller	Madison Hgts	Coral McCarrel	Grand Rapids	Susan Royer	Harper Woods
Sherri Barton	Carleton	Teri Hockstad	Lake Orion	Charlotte McCombs	Taylor	Ethel Schroeder	Clinton Twp
Jerry Brainard	Utica	William Howe	Manistique	Dave Moran	Battle Creek	Ron Shaw	Ann Arbor
John Catoni	Eastpointe	Dean Jensen	Greenville	Gayle Mullins	Flat Rock	John Sparks	Sterling Hgts
Leslie Caudill	Taylor	Margaret Kass	Kent City	Rod Nackerman	Lake Orion	Jeri Stiles	Fenton
Todd Courser	Lapeer	Mike Kelley	Grand Rapids	Bea Parker	W Bloomfield	David Stonik	Northville
PJ Fagan	Lawton	Judy Klevorn	Whitmore Lake	Debra Peoples	Mendon	Angela Syacsure	Caro
Leigh Fliearman	Howell	Marilyn Kosmowski	Battle Creek	Corrine Perry	Detroit	Barbara West	Bellaire
Randy Fritchey	Oxford	Pam Koziel	Buchanan	Daniel Rempinski	Detroit	Shana Wheeler	Rockford
Jeanette Harris	MI Center	Diane Lask	Gladwin	Betsy Rheame	Deckerville	Suzanne Wiley	Riverview
Greg Hausler	Alanson	Dayle Mataya	Farmington Hills	Shari Rollenhagen	Muskegon	Mzafar Zafar	Brownstown

THE IRS WANTS OUR PARTICIPATION

The IRS wants our participation in conference calls. They are interested in learning about our experiences when using e-file and e-services and suggestions for improvement. Two types of conference calls are planned:

1. Calls for tax professionals who **became an Electronic Return Originator** in 2004 and/or **began electronic filing** federal tax returns during 2004 are scheduled for:

Tuesday, May 10, 2005 - 10:00 a.m. EST or Thursday, May 12, 2005 - 10:00 a.m. EST

2. Calls for tax professionals who **began using new electronic filing services or products**; who began electronic filing of **business returns** or who **significantly increased** their electronic filing (by 40% or more) are scheduled for:

Tuesday, May 10, 2005 - 1:30 p.m. EST or Thursday, May 12, 2005 - 1:30 p.m. EST

If you are interested in participating contact Karen Newman at e-mail sbse.tec.michigan@irs.gov or telephone 313-234-1185. Be prepared to give your name, date and time of call requested, a telephone number, e-mail address, and fax number. Specific information will be sent directly to those responding.

Newsletter Committee

Jim Barry
Sharon Barry
Jerry Coon
Joe Halfmann
Byron Kuxhaus
Esther Liebetreu
John Mahlstedt
Gary McCallumore
Matt McKeivitz
Erlinda Meredith
Marilyn Meredith
Andrew Mitchell
Glen & Candy Mitchell
Bob Monarch
Marion Sanford
Ruth Thick
Jennifer Tucker
Mike Wierzbicki

City Preparers Forum

Pontiac is currently anticipating having another Preparers Forum on Wednesday May 25, 2005 at 9:30 in Pontiac City Hall. Larry will again talk about non-resident issues on the returns. He will entertain suggestions from you, that you the preparer, might be interested in discussing as well.

This year, he plans on only having 3 opportunities (May, August, November) instead of the 4 sessions he had last year, if interest warrants.

Larry has advised some other local cities of this event. They may or may not be present.

Contact: Larry Kosofsky, Income Tax Administrator City of Pontiac

E-Mail: Lkosofsky@Pontiac.mi.us

We Are Looking For A Few Good People!

The chapter is looking for volunteers to run for Board Members. The term is 3 years. I have enjoyed my term and I know that others would too. It just takes the time to commit to the opportunity to make a difference or put your input at the board level. We have input on education in Michigan that the chapter puts on. We do have meetings with the city governments and the State treasury where they do want our input.

Ready to be counted on to make a difference? You never know how much you can make a difference until you try. Please call Val Anderson at 616-534-0909, fax to 616-534-3960, or e-mail to valand@wmis.net to have your name put on the ballot.

MICHIGAN - NATP EDUCATIONAL OPPORTUNITIES

* May 19-20, 2005	Spring Convention-See Enclosed Flyer	Grand Rapids
June 23, 2005	Preparing Basic Partnerships	Novi
June 24, 2005	Preparing Basic Corporations	Novi
July 25-28, 2005	National Conference	Minneapolis, MN
August 1, 2005	Intermediate Partnerships	Lansing
August 2, 2005	Intermediate Corporations	Lansing
August 4-6, 2005	Enrolled Agents Class	Lansing
* September 23, 2005	September Seminar (Beanna Whitlock Featured Speaker)	Lansing
* October 17, 2005	Piggyback (1040/Xtra-17th & 18th)	Detroit
* October 19, 2005	Piggyback (1040/Xtra-19th & 20th)	Saginaw
* October 21, 2005	Piggyback (1040/Xtra-21st & 22nd)	Lansing
* October 24, 2005	Piggyback (1040/Xtra-24th & 25th)	Grand Rapids
* January 6, 2006	Office Procedures/Intro To Taxes	Lansing
* January 6, 2006	Michigan All Day	Lansing
<i>* Michigan Chapter Functions</i>		

Address Service Requested

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