

MICHIGAN CHAPTER - NATP

National Association of Tax Professionals

MI-1040 REPORT

www.natptax.com

August 2005

PRESIDENT'S REPORT

Summer is going fast!!! It won't be long and we will be hustling to get ready for tax season.

As time moves quickly, so do changes in our profession. Who would have known that ethics would be talked about in so many seminars and Enrolled Agents would have 2 hours of ethics training required per year. Who would have thought that the "kinder and gentler" IRS would become the "enforcer" IRS.

Many tax professionals have been noticing a larger volume of audits. These audits are mainly in the form of letters requesting documentation for deductions or the CP-2000 matching program. The IRS director's push for compliance does seem to be showing. As IRS becomes more active, tax professionals need to be even more knowledgeable than ever about the growing volume of tax information. As NATP members, we are fortunate to have an organization that is actively working for us. Be sure you are using the resources provided by NATP including the education opportunities here in Michigan. NATP is noted for its high level of education through seminars. In addition, online classes, research questions answered, newsletters for tax professionals, newsletters for our clients, and much more are available.

Be sure to put the September 23rd seminar on your calendars. Our education committee has worked hard to get you truly first rate speakers. We have not only put together a top rate seminar, but have brought back our "2-for-1" pricing!

On a pleasant note, Michigan's education program has been selected as the Education Chapter of the Year by National NATP. We have an outstanding group of people who work very hard to bring you the best seminars possible; glean input from many sources and distilling it into the final product you see at seminar time. To be recognized by National is very rewarding. Thank you, National.

Glen Mitchell, President



Education Committee Report

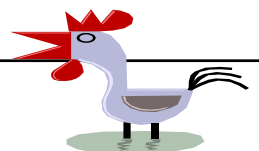
Darn! I had planned to catch a few more fish this summer. I was supposed to go golfing once a week. I was going camping more than twice. I never made it to a Tiger ball game. Double darn! Now it's August and it's time to start thinking about taxes and seminars again. Fortunately, we have an outstanding seminar for you on Friday, September 23 that should put you back in the mood for taxes. The featured speaker is Beanna Whitlock. Beanna is one of the elite speakers in the nation. She will be presenting a variety of subjects, including "Washington Insight", her unique insight from time spent in Washington D.C. working as director of Public Liason for the IRS. In addition, Beanna's topics include 'The ABC's of LLCs', 'Accessing the IRS' and 'Tax Potpourri.'

Beanna also has a subject she calls 'Forensic Accounting.' Have you ever looked at financial documents, such as a taxpayer's records, and there seemed to be something wrong that you could not put your finger on? By using Beanna's Forensic Accounting techniques, you will use investigative techniques that will enable you to discover what is wrong. Of course, when you discover what is wrong, you then have to decide what to do about it! We will reserve that discussion for another seminar that is called ethics! We frequently operate as detectives in attempting to gather information from our clients and, if Beanna can help me be a better detective, I am all ears!

Doug Chalgian follows with his presentation of 'Living Wills and Trusts: Why and When.' Doug is an Attorney-at-Law, with offices in East Lansing and Jackson, specializing in the areas of estate planning and elder law. He is certified as an elder law attorney and former chair of the Elder Law and Advocacy Section of the Michigan State Bar. His work has been published in the field of elder law, including 'Advising the Older or Disabled Client'. He brings everyday experience to the table. All of us get telephone calls from clients that have been advised to set up a living will or trust, and the client is bouncing that advice off us. Doug will help us to analyze the situation and give us insight into whether that advice is correct for that client.

Special "2-for-1" pricing means you can sign up with a friend or colleague both for \$110. This seminar promises to give you much needed information. See the enclosed flyer for registration information. Speakers Beanna Whitlock and Doug Chalgian; 8 CPEs; continental breakfast and lunch; Special "2-for-1" pricing; as well as spending a day with other NATP colleagues finding out what they didn't get to do this summer has to be worth far more than \$110. I am certain there is not a better deal anywhere. See you there!

Jerry Coon, Vice-President & Education Chairman



Depreciate a Chicken? Ask Beanna how at the special "2-for-1" Seminar on September 23!

QUICKFINDER TAX REFERENCE MANUALS

Need to find the answer to a tax question?

The 1040 (individual) and Small Business Editions contain a wealth of information on many topics and explain them in concise terms. How can you be without one? You can't!

When ordering, please use the attached form (Coded Q680) because our chapter gets credit for the sale. Quickfinder returns to our Chapter \$3.50 for each book ordered. By ordering directly from your Chapter the cost is only \$42 per book. This price includes sales tax, shipping and handling. Not only are you getting a great resource at a good price, but you are helping to keep the registration fees for our conferences reasonable. Orders must be received by November 10, 2005. Enclosed is an order form for the 2005 Edition of the Quickfinder Handbook.

For more information contact Diane Skop (989)366-5100 or skopd@iserv.net.

“NEW AND EXCITING” OPPORTUNITY!

Have you ever considered being an instructor for MI-NATP or National NATP? The Education Committee is always searching for two things: NEW tax topics for our seminars and EXCITING instructors to present those topics to you. I realize “NEW AND EXCITING” is not usually used in the same sentence as “tax topics”, so maybe I should re-state the description. A better statement might be: we are always striving to provide our members with useful and valuable new topics.

However, the description I used for instructors is appropriate. We do continually search high and low to find new and exciting instructors. It's quite all right for an instructor to be “new and exciting.” But if you have never instructed before, how do you know if you are or can be “exciting”? Few and far between are beginners who want to start out by presenting a subject in front of a group of seasoned tax professionals. To say that can be intimidating is an understatement. It's tough to be exciting when your body is shaking and your voice is cracking. Trust me, I know this is true.

Well, NATP is coming to the rescue. They have launched a new pilot program that will be used to certify and train instructors. The idea is that a state chapter can present instructor candidates that will attend a two-day certification workshop. A current National NATP instructor will teach this workshop. Topics presented at the workshop include covering the basics of presentation skills, audience analysis, adult learning and role-playing. Successful candidates will become certified to present National as well as Michigan tax material. Not all candidates attending the workshop will automatically be certified. This will be a non-threatening way of finding out if you are a “new and exciting” instructor. Contact me if you are interested.

Jerry Coon, Education Chairman

Michigan Cities — Upcoming Forums

City Income Tax Preparers Forum — August 24, 2005
The topic will be the new city Common Tax Form. Of the 22 Michigan cities with an income tax, fifteen cities now use the common form. Come find out which TWO cities have adopted this form.

The meeting will be held Wednesday, August 24th at 9:30AM at Pontiac City Hall. Contact Larry Kosofsky, Pontiac Income Tax Administrator at (248)758-3092 or via e-mail at Lkosofsky@Pontiac.mi.us for more information.

City Income Tax Forum — December 2005

At a yet to be determined date, a forum of multiple City Tax Administrators will provide an opportunity to provide answers to our questions concerning City Income Tax.

Send questions to or for more information contact Kathy Vosburg at (586)949-3810 or via e-mail at kvosburg@sbcglobal.net.

NATP Famous 1040, 1040-Extra and MI Piggyback

National is coming to four Michigan cities with their Famous 1040 and 1040 Extra Workshops. We coordinate our Michigan Piggyback seminars with the National seminars, holding the Piggybacks at the same locations on the evening of the Famous 1040. Our three hours is full of just Michigan and city information. Michigan Treasury is always doing some interesting things that need to be discussed. Use enclosed flyer to register for a Michigan Piggyback.

LAST CHANCE FOR 2005 TAX INFO!

2006 seems to be way off in the future, but at the snap of the fingers, it will be here. We have our January All Day Michigan Tax Seminar and the Office Procedures & Introduction to Taxes Seminar both scheduled for Friday, January 6, 2006 in Lansing. These two seminars provide us that one last chance before the tax season starts to get the very latest tax information, as well as having the opportunity to bring staff to the Office Procedures portion. It's a unique arrangement where we learn taxes and our staff learn office procedures. Mark your calendar. Registration information will be coming in the near future.

WELCOME NEW MICHIGAN NATP MEMBERS

Vickie Black	St Johns	Palmer Hamilton	Marshall	Joanne McKenzie	Berkley	Daniel Robinson	Haslett
Nina Cavit	Ypsilanti	Angela Huszti	Fenton	Michael McKernan	Plymouth	Dawn Ruhlman	Saginaw
Cheryl Lynn Daniel	Dexter	Rolfe Jenkins	St Joseph	Danelle Munro	Clinton Twp	John Schaut	Grand Rapids
Lester Davis	Troy	Faye Jones	Brighton	Christine Niemi	Kalamazoo	Allen Scioli	Saginaw
John Dillon	Fenton	Virgil Kent	Brighton	Richard Pearce	Royal Oak	Patricia Simms	Harrison Twp
James Flannery	Bay City	Marilyn Kosmowski	Battle Creek	Guy Peoples	Eastpointe	Randa Stern	Detroit
Leigh Fliearman	Howell	Anedra Lewis	Burton	Lafayette Phillips	Southfield	Kimberly Underhill	Traverse City
Jonathon Garlick	St Johns	Scott Long	Deckerville	Holly Polopolos	Ann Arbor	Stephen Wallenmaier	Detroit
Thaine Grams	Monroe	Nikali Luke	Lansing	Barbara Robertson	Auburn Hills	Venkat Yanumula	Bloomfield

MI NATP MILESTONE ACHIEVED AND AWARD RECEIVED

Our Michigan Chapter has reached a new milestone with membership exceeding 800 members for the first time. Our Membership Committee should be proud for making us one of the leading chapters in our national association. Additionally, NATP has recognized our Education Committee by awarding us Chapter of the Year for Education at NATP's annual conference in Minneapolis. How fortunate we all are to have such great resources available to us.

MICHIGAN TREASURY VISIT SEPTEMBER 20, 2005

At press time, the tentative date for our annual visit with Treasury officials is Tuesday, Sept. 20 at the Michigan Treasury Operations Center.

Your input is needed in order to compile and submit a list of questions for discussion at the meeting. Your questions should include items pertaining to all areas of MI tax: Income Tax; Sales, Use & Withholding; Real & Personal Property Taxes; E-filing; Single Business Tax; Practitioner's issues; etc., etc. The questions must be received by September 6th (2 WEEKS IN ADVANCE). Providing questions is mandatory in order to attend. Thank you in advance for your input and cooperation so this deadline can be met.

Send your questions to Jim Barry: Contact information: e-mail jbarry2395@charter.net, telephone (734)426-2395, fax(734)426-2875. Please note when you send input, provide your e-mail address and/or telephone number in case clarification is necessary.

James Barry, Committee Chairperson

MICHIGAN DISCOVERY FOCUS: GAIN ON SALE OF RESIDENCE

Although it is stated in the instructions for determining household income, many practioners have mistakenly overlooked calculating the federally exempt profit from sale of residence and including this amount on MI-1040CR line 17. The Discovery Division of Michigan Department of Treasury has been sending out letters requesting repayment of property tax credits given in error because of this oversight.

Please be aware that the gain is not simply the difference between the original cost and sales price. Many of the closing costs can be used to reduce the gain, although not the cost of financing mortgages or escrow reserves. If the surviving spouse sells, don't forget the stepped up basis. Improvements made to the home also affect the basis of the residence. Selling your residence on a land contract affects the realized gain in the tax year. Check out IRS's Pub 523 for other basis considerations.

We have a great opportunity to help our current and future clients preserve part of the property tax credit by responding to Discovery's correspondence with the correct calculation.

Submitted by Cyndi Salinis & Arleen Mundy

Newsletter Committee

Val Anderson
 Jim Barry
 Joe Halfmann
 John Mahlstedt
 Gary McCallumore
 Brian Meredith
 Erlinda Meredith
 Marilyn Meredith
 Andrew Mitchell
 Glen & Candy Mitchell
 Bob Monarch
 Heather Paterson
 Carmen Torres-Smithe
 Mike Wierzbicki

MICHIGAN - NATP EDUCATIONAL OPPORTUNITIES

* September 23, 2005	September Seminar (Beanna Whitlock Featured Speaker) <u>Special "2 for 1" Pricing</u>	Lansing
* October 17, 2005	Piggyback (1040/Xtra-17th & 18th)	Livonia
* October 19, 2005	Piggyback (1040/Xtra-19th & 20th)	Bay City
* October 21, 2005	Piggyback (1040/Xtra-21st & 22nd)	Lansing
* October 28, 2005	Piggyback (1040/Xtra-28th & 29th)	Grand Rapids
* January 6, 2006	Office Procedures/Intro To Taxes	Lansing
* January 6, 2006	Michigan All Day	Lansing
* May 18 & 19, 2006	MI NATP Annual Conference	Mt. Pleasant
August 21-24, 2006	NATP Annual Convention	Boston, MA
* September 22, 2006	September Seminar	Lansing

** Michigan Chapter Functions*

Address Service Requested

MICHIGAN CHAPTER - NATP
 NATIONAL ASSOCIATION OF TAX PROFESSIONALS
 3485 Grange Hall Rd
 Holly, MI 48442