



Quarterly Muse

August 2008

Montana Society of Public Accountants

President's Message

Dear MSPA Members,

It has been a while since we last corresponded. I do hope you all had a great tax season and most of us are probably still extremely busy. It seems there is never enough time in the day, week or month.

In July the MSPA sponsored a meeting with the MT Department of Revenue and the IRS in Helena.

The MT Department of Revenue sent 5 department heads to answer our questions and relate the direction the state is going to make it easier for the state and accountants in all areas of electronic filing and processing returns. For example, by January 2009 we should be able to file business returns electronically, if your software vendor does its part. Dan Bucks, the Department Director came and spoke to the group for about 45 minutes. We will have another meeting at the fall Gear Up 1040 Seminars and I urge all to come with questions and learn how the state is working to become efficient in all areas and become our partner in income tax processing. Also, think about attending the meeting next July, it is very informative.

The IRS sent three people to the meeting. Bob Marcinek, exam group manager from Great Falls told us the IRS still needs Revenue Agents in Montana. Bob manages a large area East of the Rockies from Canada to Idaho to Wyoming. He stated they have some projects where they are using return information to set up returns that will not come to audit. Also, The IRS is studying returns done by individuals or companies where the returns appear to be suspicious; and, the IRS is researching websites to ensure sellers are reporting their income. Some seem to think web sales are nontaxable. We also discussed the CP 2000 letters and that the letters are not providing adequate information.

The IRS is trying to hire agents but at the same time they have agents retiring. The IRS has 1 Revenue Agent in Great Falls, 1 in Sheridan, Wyoming and 4 in Helena with 2 retiring soon. They also stated the reason it has been difficult to get through to the IRS is that they have been inundated with Economic Stimulus questions

I look forward to seeing you at our Annual Convention and Gear Up Seminars in Billings on Sept. 11 & 12th. Be active and stay informed through involvement in the MSPA!

Michael J. Sullivan, President

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Our Mission:

- To establish a respected public image of accounting & tax professionals who are dedicated to public practice.
- To encourage a professional level of competence, character and integrity by providing continuing professional education to increase the knowledge and efficiency of its members.
- To promote the highest standard of ethical conduct among its members.
- To represent the accounting & tax professionals at the state and national levels and protect the right to practice.
- To seek the enactment of laws and the correction or modification of existing laws in the interests of the profession and the general public.
- To alert members to some of the significant developments in tax laws, regulations and court decisions, through NSA and MSPA newsletters, publications and bulletins.
- To publicize the achievements of individual members through appropriate national, state and local media.
- To serve as a clearing house for the dissemination of timely information on all matters of interest to accountants in public practice.
- To encourage the camaraderie among its members.

State Practice News

LEADERSHIP TRAINING: Last November, Renae Richards and Mary Lemons attended the Leadership Conference with NSA in Tampa, Florida. The sessions attended included training in how our Associated State Organization (ASO) could and should operate effectively. Items covered ranged from financial stability through membership growth and retention. They had an opportunity to listen to a vast number of other ASO's. Many of the issues we face in Montana were shared by them. Other sessions included exercises in expansion of our individual growth. Through small and large group exercises they were shown many tools that are useful in both business and home life. Both Renae and Mary came away from the convention with ideas, plans and a greater self respect. This convention is a must for any of our "team" that wishes to lend a hand in the smooth operations of the MSPA and take our organization into the future.

STATE CONVENTION: You are cordially invited (spouses are welcome) to attend our annual business meeting and convention at Montana Rib & Chop House , 1849 Majestic Lane in Billings on September 11th at 6:30. Please RSVP to assure seating (406)294-7952 OR Email: colleen@cblacktax.com so that we have an accurate count for dinner. Active members = Great

EDUCATION: MSPA is committed to providing quality educational choices for its members. The Board of Directors has chosen to offer a \$150 reimbursement of A & A classes for those members who have taken alternative CPE rather than sponsor a program during 2008. We also have a program where you can receive up to \$500 for reimbursements for your employees taking classes leading to some accounting designation; EA, CPA etc. If you are interested in the reimbursement program please submit a receipt of fees paid and a copy of your certificate of completion by December 31, 2008 to our office.

SCHOLARSHIPS: You can be proud to be a part of an organization who has budgeted to award \$5,000 in scholarships for 2008-2009. The MSPA provides scholarships to Montana Colleges with money going to U of M, MSU, MSUB and CGF. These are generously spread across the state and have benefited members directly.

Calendar of Events

<p>September</p> <p>11th: Business Entities, Billings, Holiday Inn</p> <p>11th: MSPA Annual Convention & Business Meeting— Montana Rib & Chop House—Billings 6:30 pm</p> <p>Please RSVP (406) 294-7952 or colleen@cblacktax.com</p> <p>12th: 1041 Estates & Trusts, Billings, Holiday Inn</p>	<p>November</p> <p>10th: IRS/State Liaison, Missoula, Inn on Broadway</p> <p>11th-12th: 1040 Individual Tax, Missoula, Inn on Broadway</p> <p>11th: Professional Ethics in EA, Missoula, Inn on Broadway</p>
<p>October</p> <p>20th-21st: 1040 Individual Tax, Billings, Holiday Inn</p> <p>20th: Professional Ethics for EA, Billings, Holiday Inn</p> <p>22nd: IRS/State Liaison, Billings, Holiday Inn</p>	<div style="text-align: center;">  </div>

NSA DIRECTOR

Directors Report:

This has been a busy winter for your State Director. In about October of last year I took over the job of Secretary for the NSA Political Action Committee.

In late February I went with John Ams, the Executive Director of NSA to the Glacier PAC function in Big Sky Montana. I had to leave the office early on Saturday to attend the dinner at Buck's T4 on Saturday night. In addition to meeting Senator Baucus I also visited with Russell Sullivan the Staff Director who is for the most part writing the bills.

I had a case of identity theft in my office in early January and through the process became aware that all you need to file another person's tax return is their last name and social security number along with ANY employer ID number. On the free file alliance or using "the box" no PIN number is being sent out to clients as was the case in the past and even the requirement for prior year AGI has been eliminated not only for the Practitioner Pin Program but for the general public as well...including the international identity thieves.

I had been working with Senator Baucus' office on the identity theft issue and on April 10th I was asked to testify before the Senate Finance Committee about my experience. The panel included the new Director, Doug Shulman, Russell George, Inspector General of Treasury, Nina Olson, Taxpayer Advocate, and me! I was so excited—and later had a chuckle when Director Shulman addressed the National Bar Association and said he would have waited until after the hearing to take office had he known what the former directors had warned him about.



Becky Spencer and Senator Max Baucus

From a practical standpoint I learned that two years ago the IRS had 56,000 cases of identity theft and prosecuted 6! They have NO current figures and the new Director had no idea that the IRS was unable to stop the refund once the return had been accepted electronically. I do not think the Director knew that the CID number is just a recording directing victims to the whistle blower form because he apologized for the recording.

My tenure is up as State Director so I would like volunteers who would like to fill the position. Please contact me so your name can be submitted to the District Governor.

Becky Spencer, EA

Tax Talk Today on September 9: EITC Due Diligence – It's Your Responsibility

2:00p.m. – 3:00p.m. ET

Paid tax return preparers must meet four specific due diligence requirements when preparing returns claiming the Earned Income Tax Credit -- or face potential penalties.

Learn what you must do to meet these requirements and get the latest information from the IRS executive and technical staff responsible for this \$43 billion program.

Filing Extensions Changing for Some Business Taxpayers

Temporary and proposed regulations will reduce the extension of time to file tax returns for certain businesses that generate Schedules K-1 and other similar statements from six months to five. Requiring these statements to be issued one month earlier, generally by Sept. 15, will provide recipients time to prepare and file returns within the extended time frames. For details, see news release [IR-2008-84](#).

[IRS Updates and News Releases:](#)

[IRS Releases Updated Drafts of Corporate and Partnership Tax Forms](#)

Draft revisions to Form 1065, U.S. Return of Partnership Income, Form 1120, U.S. Corporation Income Tax Return, and certain related schedules are released for comment. For more information and links to the forms, see news release [IR-2008-92](#).

[IRS Seeks New Issues for the Industry Issue Resolution Program](#)

Businesses and associations have until Aug. 31 to submit tax issues to be included in the Fall 2008 review in the Industry Issue Resolution Program. More information is in news release [IR-2008-93](#).

[File Excise Tax Forms Electronically](#)

Clients with 25 or more trucks, tractors or other heavy vehicles used on highways must e-file Form 2290, Heavy Highway Vehicle Use Tax Return. See news release [IR-2008-94](#).

[New Page on IRS.gov for Tax Pros](#)

Find helpful information and links on the [Key Messages for Tax Professionals](#) Web page.

[Third Party Designee Extended Authority](#)

Third party designees, indicated by checking the box on Form 1040, now have the same authority extended to them on an amended return filed for the year in question. For details, see [IRM 11.3.3.1](#) on IRS.gov.

[Power of Attorney](#)

Signing a Form 2848, Power of Attorney and Declaration of Representative? Be sure you and the taxpayer sign the form within the appropriate timeframe. See the note for line 9 in the form's [instructions](#).

[Employee Plans News](#)

See the special edition of [Employee Plans News](#) about the examinations for the Enrolled Retirement Plan Agent (ERPA) program.

Housing and Economic Recovery Act of 2008

On Wednesday, July 30, 2008, H.R. 3221 was signed into law by the President.

The Act includes the following key provisions:

- First-time homebuyer credit for an individual who is a first-time homebuyer of a principal residence in the United States;
- Additional standard deduction for real property taxes for non-itemizers;
- Repeals the AMT limitations on tax-exempt housing bonds, the low-income housing tax credit, and the rehabilitation credit;
- Rules pertaining to FIRPTA non-foreign affidavits;
- Transfer of funds appropriated to carry out 2008 recovery rebates for individuals;
- Revises REIT income and asset tests;
- Election to accelerate AMT and Research credits in lieu of bonus depreciation;
- Requires returns relating to payments made in settlement of payment card and third party network transactions;
- Gain from the sale of a principal residence allocated to nonqualified use is not excluded from income;
- Delays the application of worldwide allocation of interest; and
- Amends adjustments to corporate estimated tax payments due in 2012 and 2013.

Many of the provisions (e.g., the first-time homebuyer credit and the additional standard deduction for real property taxes for non-itemizers) are retroactive and will have an impact on the 2009 filing season.

The revenue offsets for these provisions are of particular interest:

- 1) Beginning in 2012, Credit Card and Third-Party payment transactions will be reported to the IRS. This revenue generator is expected to increase revenues by \$10 billion over the next 10 years.
- 2) For sales and exchanges after December 31, 2008 §121 is amended to limit exclusion of gain to 1 sale or exchange every 2 years and provides a special rule for certain sales by surviving spouses. Under §121(b)(5)(A), §121(a) shall not apply to so much of the gain from the sale or exchange of property as is allocated to periods of nonqualified use. (Property used for rental or other purposes converted to a personal residence.) §121(b)(5)(B), gain shall be allocated to periods of nonqualified use based on the ratio which property owned by the taxpayer relates to property owned. Nonqualified use is any use not as a principal residence.
- 3) The first-time homebuyer credit is equal to the lesser of \$7,500 or \$3,750 for married filing separately or 10 percent of the purchase price of the home. The credit phases out based upon adjusted gross income. If the home is purchased in 2009 it is deemed as purchased on December 31, 2008 for purposes of the credit. However, and a BIG however, the credit must be recaptured over fifteen years with no interest. The recapture begins in the second taxable year after the taxable year in which the home is purchased.



Montana Society of Public Accountants

Seminar Registration Form

Business Entities Billings
 Date: September 11, 2008
 Location: Holiday Inn

1040 Individual Tax Billings
 Date: October 20-21, 2008
 Location: Holiday Inn

IRS/State Liaison Billings
 Date: October 22, 2008
 Location: Holiday Inn

1040 Individual Tax Missoula
 Date: November 11-12, 2008
 Location: Inn on Broadway

1041 Billings
 Date: September 12, 2008
 Location: Holiday Inn

Professional Ethics for EA Billings
 Date: October 20, 2008
 Location: Holiday Inn

IRS/State Liaison Missoula
 Date: November 10, 2008
 Location: Inn on Broadway

Professional Ethics in EA Missoula
 Date: November 11, 2008
 Location: Inn on Broadway

All seminars start at 8:00 a.m. unless specified - Registration is from 7:00-8:00 a.m. Lunch is included unless specified

Registration Form:

	Member Price	Non-Member Price
χ Billings, MT - Sept. 11 - Business Ethics	\$250.00 for both days \$150.00 each seminar	\$300.00 for both days \$175.00 each day
χ Billings, MT - Sept. 12 - 1041		
χ Billings, MT - Oct. 20-21 - 1040 Individual Tax	\$250.00	\$300.00
χ Billings, MT - Oct. 20 - Professional Ethics for EA *6:00-8:00 PM	\$50.00	\$50.00
χ Billings, MT - Oct. 22 - Liaison - (No lunch)	\$50.00	\$50.00
χ Missoula, MT - Nov. 11-12 - 1040 Individual Tax	\$250.00	\$300.00
χ Missoula, MT - Nov. 11 - Professional Ethics for EA *6:00-8:00 PM	\$50.00	\$50.00
χ Missoula, MT - Nov. 10 - Liaison - (No lunch)	\$50.00	\$50.00
Total _____		Total _____

To Register Contact:
 Montana Society of
 Public Accountants
 406-294-7952
 406-248-1040
 or
 Fax to:
 406-259-7428
 www.mspamt.org

Method of Payment:

χ Check Name: _____

χ Bill Me Address: _____

χ Visa Phone: _____

χ MasterCard

Credit Card # _____ Exp. Date: _____ 3 Digit Code: _____

Signature: _____

Attendees Names: (Please note member or non-member)

MSPA Member/	Non-Member
χ	χ
χ	χ
χ	χ

Holiday Inn, Billings
 Rate: \$89.00
 1-888-465-4329
 Cut off dates for rates are:
 Aug. 30th & Oct. 10th

Inn on Broadway, Missoula
 Rate: \$59.00
 1-800-286-2316
 Code for rate: MSPA1
 Cut off date for rates: Nov. 1

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