



## PENNSYLVANIA CHAPTER

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1-800-PA-NATP1

# PA-NATP NEWS



Volume 22, Issue 1

Spring 2010



### President's Message

Dear PA-NATP,

I hope your tax season went well. I am sure everyone is anxious for summer and the nice weather to be able to spend time doing enjoyable activities.

On May 4, 2010 we held a social event in Williamsport, PA at Penn College of Technology. The speaker presented important information with regard to keeping client information safe in our offices. If you were not able to attend you missed a great event.

Please check the calendar on our website, [www.panatptax.com](http://www.panatptax.com), which details the upcoming events of the Chapter. This year we are doing something a little different with the East seminar. In the past, the East seminar has been held in June. This year we have moved the East seminar to October 19, 2010. The location of the seminar will stay at the Scanticon in Valley Forge, PA as it has been in the past. Details regarding the educational topics will be posted to the website shortly.

The first educational seminar of the year will be the West seminar held on Monday, September 27, 2010 in the Pittsburgh, PA area. The location of the seminar is the Regional Learning Alliance Conference Center in Cranberry, PA. The conference center is conveniently located on Rte.228 in Mars, PA. Route 228 is an exit off Interstate 79. The educational topics include farming and oil and gas. Please look for more details in the next few weeks to be sent via email and posted on the website.

The Annual meeting and Seminar will be held November 15 & 16, 2010 at the Holiday Inn in Mechanicsburg, PA. We are planning on having an educational session on Monday, November 15, 2010 in the afternoon along with roundtable discussions in the late afternoon. We will post additional details to the website as they become available.

One way to support your local chapter is by attending the educational seminars. The topics are very good and the seminars are reasonably priced.

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## President's Message cont'd

The Chapter is also involved in charitable events. We have teams that will participate in the Diabetes walk through the Pittsburgh Zoo on Sunday, September 26, 2010 again this year. We will also be participating in the Celiac disease walk around Presque Isle Park in Erie, PA on Saturday, September 11, 2010. You can join the teams and walk or show your support by making a donation. We would love to have you walk with us!

At National convention this year in Austin, TX we will have a social gathering on Sunday, July 18, 2010 to mingle and get to know who is attending Conference this year. Please check the board in the registration area for the time and location of the gathering.

Please feel free to contact me at [jtushak@tushakaccounting.com](mailto:jtushak@tushakaccounting.com) as needed. Have a wonderful summer and I hope to see you at an upcoming event.

Sincerely,  
Justina Tushak, CPA, EA  
President, PA-NATP

## 2010 PA-NATP Education Seminar Overview

### West Seminar:

Date: September 26, 2010  
Time: 8:30 am – 4:45 pm  
Location: Regional Learning Alliance Conference Center  
Cranberry Twp., PA – (Pittsburgh area)  
Topics: Farming- Crops, Livestock and Racing  
Oil and Gas- From the producer & K-1 shareholder standpoint

### East Seminar:

Date: October 19, 2010  
Time: 8:30 am – 4:45 pm  
Location: Scanticon Conference Center  
Valley Forge, PA  
Topics: Office Security  
Philadelphia Issues for Individuals & Businesses

### Annual Conference

Date: November 15 & 16, 2010  
Time: Tentatively on Nov 15 an afternoon educational session and roundtable discussions.  
The times for Nov 16 to be announced.  
Location: Holiday Inn, Mechanicsburg, PA  
Topics: To be announced



*Penn College of Technology instructor Dan Bennett*

## *Williamsport Social Helps Us Protect Our Clients*

by Kathy Kramer, EA  
photos by Chuck Evans



*What would a social be without food?*

*H*ave you ever worried about identity theft and other security risks in your tax office? As tax professionals, we collect a lot of personal information from our clients, but do we always do the best we can to protect our clients' identity? Do you even know what you should be doing to help protect your client's identity?

I am sure that a lot of tax professionals do not give this matter the thought it deserves. The only reason that I did was because I was renewing my insurance policy recently and jokingly said to the agent, who would want to break into an accountant's office? I was surprised by his response. He told me that they actually had seen a lot of robberies in accountant's offices. They were not trying to take computer equipment or any other physical property. What they were really after was the personal identification information that we have about our clients. Most tax professionals have the names, addresses, social security numbers and dates of birth of our clients, as well as all the members in their immediate families. If you are trying to steal someone's identity this gives most of the information needed to be successful.

At the NATP Williamsport Social, Mr. Dan Bennett, who is an IT Specialist from the Williamsport Area and a part time instructor at Penn College of Technology, addressed these issues. Mr. Bennett explained what personally identifiable information should be guarded and the importance of protecting Social Security Numbers. He explained exactly what identity theft is and how to protect against it.

Do you accept credit cards at your place of business? Are you aware of the responsibility that goes along with it? Mr. Bennett talked about the Data Breach notification requirements in PA. Also e-mail security, Web Security and physical security issues were all analyzed. Anyone who attended this social walked away with details on what they could do to improve the security of our practices.

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*Williamsport Social*  
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Are you feeling like you missed a great presentation? Well, you did—but here is the good news. Mr. Bennett will be speaking at the NATP's Eastern Seminar at Valley Forge, PA on October 19, 2010. Watch your e-mails for further information about the seminar, as seats will be filling up fast. This is a hot topic and one that we all need to know more about!



*Dan Bennet, PA-NATP President Justina Tushak  
& Social Organizer/Board Director Kathy Krammer*



*Socializers*



*Attentive Listeners*

# *East Working Together Conference*

Submitted by Chuck Evans

The 2010 East Working Together Conference was held on May 19<sup>th</sup> at Philadelphia University. Did you get your notebook of reports? No, and you won't either. A big change for The Working Together attendees was the lack of a notebook. We received a bag of info materials, but no notebook. Instead, each registrant was given a flash stick containing all the conference material.

Andy Hromoko, from the IRS CID Pittsburgh Office was our master of ceremonies and kept the day moving along and on time. The first panel took the stage at 8:30 and began with their subject – “Small Business Field and Office Exam Program”. The IRS is currently in a five-year plan with a goal to improve service so as to make voluntary compliance easier. They currently expect to audit 45,000 returns a year with the audit running 180 to 210 days. Audience reaction indicated that the biggest difficulty practitioners face is with a turnover in agents. The correction seems to be, when in difficulty, call for the office manager at the IRS.

The second panel had the subject – “The IRS Field Collection Program”. The most visible statistic is that unemployment had a 27% increase in '09 over '08. The rule of thumb is that filing for bankruptcy makes it a matter of hands off by the IRS.

As a practitioner you meet two different IRS staffers. IRS Agents are the examiners while IRS Officers are the collection division. Practitioners must remember that investigated clients have the right, AT ANY TIME, to have counsel from experts.

More than likely you have seen ads from the OFFER MILLS who will settle for pennies on the dollar. While these firms will take the client's money, they cannot guarantee an Offer In Compromise. The firm Tax Masters from Texas has over a 1,000 complaints filed against it.

Panel 3, the first after a delicious lunch provided by Philadelphia University, featured the PA Dept of Revenue and the PA Dept of State. They reminded everyone that when closing down a business in PA you do not just turn out the office lights and lock the door without looking back. To end a business you must file with both the Dept of Revenue and the Dept of State an Out of Existence Affidavit. The panel also wanted to make us aware that in 2011, over half a million letters will be going out for a Decennial Filing.

At 1:30 panel four, “Ask the Philadelphia Campus Managers” convened. We had the pleasure of meeting and hearing Mary Hannah, the manager of the “New” 30th Street Post Office Building. They will soon begin moving sections from the old Roosevelt Blvd campus down to their new quarters in the Old Post Office Building. Moving in is to be by Thanksgiving. Plans are that if you are to have an on site meeting, you will be going to the Green Federal Building at 8th and Market Streets.

Panel five concerned “The IRS Appeals Program”. While there were several aspects covered, the “Hot Topic” which the audience kept returning to was about the IRS looking at your Quick Books file. The concern was about how much info the agent will download as QuickBooks does automatically close down at the end of a year. No definitive answer was given except that it was an issue that will have ongoing eyes on it.

The last panel, at 3:45, found many still in their seats. The feature was “Emerging Issues and Hot Topics” The first issue addressed was the new format to IRS notices. Have you seen one yet? The new format will also include graphics.

If you are a paid preparer then perhaps you are one of the 50,000 Enrolled Agents or one of the 450,000 CPA's. Who are the other million to million and a half paid preparers? We will soon find out for beginning in June paid preparers must register for a PTIN. Preparers will be able to register online and if they already have a PTIN they will be able to keep the same number.

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## *East Working Together*

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There will be two questions asked as part of the registration processes: "Are you compliant?" In other words are your returns all filled to date and have you paid all your taxes. If not, now is the time to get compliant. The second question is, "Have you ever been convicted of a felony?" No one could answer how to correct that one.

All paid preparers must be registered by January 2011. Then from 2011 thru 2013 all unenrolled preparers must pass a competency test. After passing the test, you will receive the tile Unenrolled Return Preparer.

Do you "e-File" now? If you prepare and file more than ten returns, they will have to be E-Filed. Certainly more information will be coming in May and June.

Yes, it was now 4:45. Time to close and pick up our certificates. Andy did a great job of moving the conference along. It was a sell out crowd so plan on registering early for next year's conference if you want a seat. See you in May 2011 at the Philadelphia University for Working Together in the East

## *PA-NATP Charity Challenge*

Submitted by Patti Blum

In 2009 President Sean Brennan conceived the Charity Challenge events, a friendly competition between PA-NATP state regions to see which could raise the most money for their favorite charity. On April 18<sup>th</sup> of that year the first event took place - a fundraising walk in Philadelphia's Fairmont Park on behalf of the American Red Cross. Several Chapter members along with friends and family entered a team dubbed the "Tax Trippers". The result was a pleasant stroll in the park for the Tax Trippers and \$525 raised for the American Red Cross.

On September 27<sup>th</sup> 2009 a slightly larger contingent of Tax Trippers participated in the American Diabetes Walk at the Pittsburgh Zoo. This group succeeded in raising \$1225 besting the cross-state rivals and carrying off the 2009 Challenge trophy.

Participation in the 2010 American Red Cross Walk in Philadelphia was disappointingly meager so we want to redouble our efforts and encourage all who can to participate in one or both of the remaining 2010 Charity Challenge events. The next event, a fundraiser for Celiac Disease, is September 11<sup>th</sup> at Presque Isle Park in Erie. Contact Justina Tushak at [justinatu@verizon.net](mailto:justinatu@verizon.net) or 814-456-1040 for more info.

The final Challenge event will be the American Diabetes Walk at the Pittsburgh Zoo on September 26<sup>th</sup>. For details contact Rich Miller [rmillergbg@msn.com](mailto:rmillergbg@msn.com) or 724-853-8536. And a reminder, the following day, September 27<sup>th</sup>, the West Seminar will occur just up the road in Cranberry Twp at the Regional Learning Alliance Conference Center. We invite all of you to join us at the walk and then to attend our seminar for great education along with a full day of CEU's. If you can't participate in the walk we hope you will make a pledge for those who do.

Our objective is to have a Charity Challenge event in each of the 5 state regions. If you have a charity that is near and dear to your heart, please let us know so that we can make it one of our Challenges. Hope to see you at an event in the near future.

## PA-NATP Membership Nears 1000

As of April 30<sup>th</sup>, the Pennsylvania Chapter membership stood at 992. Hopefully, 2010 will be the year that we surpass the 1000 mark. Now would be the ideal time for you to take advantage of NATP's Member Get A Member Campaign. It will not only pay off for you (visit NATP's website for award details) but will help push us past that magic 1000 number.

## Welcome New Members

### January

Timothy L Caban, CFP®	Malvern
Ave N. Cinar	East Stroudsburg
Alfred J Ferraro	Latrobe
William Franczak, EA	Easton
Karen Frey	Bloomsburg
Pamela E. Gibbs	Norristown
Maureen Bridget McDonough	Allison Park
James Mooney	Coopersburg
Mary Ellen Pawlowicz	Butler
Mayerlyn Reyes	Allentown
Robin E Schaeffer, EA	Myerstown
Edward Peter Wasniewski	Harleysville
Danuta Zielinska	Philadelphia

### February

Stanley F Albright	Monroeville
Richard Baldwin	Philadelphia
Annemarie O Charnley	Pipersville
Tom Napoli, CPA	Yardley
Louise Swartz	Warren
Marchelle Wallace	Galeton

### March

Troy Morrow Clawson	Erie
Maria Elzbieta Kusnierz	Birdsboro
Edith D Luna	Coatesville
Marcie Murrell McNally	Harrisburg
Nicole Odeh	Coatesville
Laurie Rosengrant	Scranton
Mary Vargas	Stroudsburg
Darlene White	Jenkintown

### April

Richard Anderson	Levittown
Samantha Cassizzi	Levittown
Gwen Iller	Glenside
Kimberly A. Kislak	Homer City
Dr. Vermell Mitchell	Folcroft
Anthony F Pisano	Erie
Arnold M. Strauss	Warminster
Michael L Urbanik	Peach Bottom

"If you limit your actions in life to things that nobody can possibly find fault with, you will not do much." - Charles Lutwidge Dodgson (a.k.a. Lewis Carroll) English author (1832-1898)

## *Planning to Attend the NATP National Conference?*

The PA-NATP Board of Directors wants to strongly encourage Chapter members to attend the NATP National Conference in Austin Texas July 19<sup>th</sup> to 22<sup>nd</sup>. In the past, Pennsylvania has generally not been well represented at the National Conference and we would like to see this change. The benefits of attending are almost too numerous to mention. First and foremost, is the excellent education and CPE credits. (Remember, all preparers will need CPE credits in the very near future.) Second, this is a great place for networking with fellow tax professionals, make new friends and renew old friendships. And it's just a heck of a lot of fun.

One problem with attending a large gathering like this is meeting up with and getting to know fellow members. So this year, in addition to the usual lunch that the Board sponsors for PA attendees, we plan to have a small social gathering Sunday evening. We hope this will give PA members a chance to meet up with one another. Details will be posted in the conference registration area so be sure to check it out when first arriving.

## *Tentative Timeline for Tax Preparer Registration*

The IRS is moving forward with its recommendations requiring all paid preparers to register with the IRS and to require preparers who are not CPAs, attorneys, or enrolled agents to pass a competency exam. The IRS has set the following tentative timeline for implementing these requirements:

### **Phase One**

- September 1, 2010 - Launch registration
- January 1, 2011 - Require all paid preparers to be registered with the IRS and begin using a Preparer Identification Number (PTIN)
- January 1, 2011 - Begin new 15 hour annual continuing education requirements

### **Phase Two**

- April 1, 2011 - Launch competency testing, continuing education tracking, renewal capability, and tax compliance checks
- To be determined - Launch public database of registered preparers

Individuals required to pass the exam(s) will be permitted to register as tax return preparers and receive a preparer tax identification number during this initial implementation period even if they have not passed the exam(s).

Due diligence has been used in preparing this publication, however, the possibility of mechanical or human error does exist. Laws, regulations and procedures do change so additional information sources should always be consulted before relying on any information herein contained. Additionally, the facts and circumstances of a particular situation may differ from those presented here. This material is presented with the understanding that this publication is not intended to render legal, accounting or tax advice.

# NEW FEDERAL LAW IMPACTS PA TAX FILING FOR SERVICE MEMBERS' SPOUSES

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

The recently enacted Military Spouses Residency Relief Act (MSRRA) affects the treatment of residency and income for spouses of military personnel for state and local tax purposes for tax year 2009 and after.

Under MSRRA, a service member's spouse neither loses nor acquires domicile or residency by being absent or present in any U.S. tax jurisdiction solely to be with a service member complying with military orders. The service member and spouse must have the same residency or domicile to receive MSRRA benefit. Further, income earned by a service member's spouse is not considered income earned in a U.S. tax jurisdiction if that jurisdiction is not the spouse's resident or domiciliary state and if the spouse is in the jurisdiction solely to be with the service member complying with military orders.

Therefore, if a Pennsylvania resident service member is serving outside Pennsylvania and their nonmilitary spouse earns income in that other state – and the spouse claims relief under the MSRRA – the spouse's income is only taxable to Pennsylvania.

A resident credit is not allowed against taxes the nonmilitary spouse paid to the other state. If the nonmilitary spouse receives income subject to employer withholding, refund of the tax withheld by the other state should be requested.

If a Pennsylvania nonresident service member is serving in Pennsylvania and their nonmilitary spouse earns income in Pennsylvania, the spouse's income is not taxable to Pennsylvania under MSRRA, when the service member and spouse are both residents or domiciliaries of the same other state, and if the spouse is in Pennsylvania solely to be with the service member. If the nonmilitary spouse receives income subject to Pennsylvania employer withholding, a refund of the Pennsylvania tax withheld should be requested. The nonmilitary spouse should report zero wages on Line 1 of his/her Pennsylvania personal income tax return, and include the total Pennsylvania taxes withheld (Box 17 of Form W-2) on Line 14.

Taxpayers claiming relief under MSRRA and a refund of Pennsylvania income tax withheld must provide the following, in addition to a standard personal income tax return and appropriate schedules:

- A copy of the service member's current military orders showing the order to serve in Pennsylvania;
- A copy of the service member's military identification card;
- A copy of the nonmilitary spouse's driver's license from the resident state;
- A copy of the nonmilitary spouse's W-2, issued by the employer;
- A copy of the nonmilitary spouse's tax return filed for the resident state;
- A copy of the nonmilitary spouse's military ID card, identifying the card-holder as the spouse; and
- A copy of the service member's federal Department of Defense Form 2058, State of Legal Residence Certificate.

Taxpayers filing electronically should fax these documents within two to three days of e-filing to 717-772-4193, noting the taxpayer's name and Social Security number on each document. Those filing paper returns should write "MSRRA" across the top of Page 1 of the PA-40.

The Department of Revenue is amending REV-419, Employees Nonwithholding Application, for the 2010 and following tax years, to allow nonmilitary spouses who work in Pennsylvania but maintain residency or domicile in another state to apply for exemption from Pennsylvania employer withholding tax under MSRRA.

Spouses of service members serving in Pennsylvania filing Pennsylvania income tax returns for tax years beginning before Dec. 31, 2008, are taxed on Pennsylvania-sourced income that was earned during those periods.

Taxpayers are encouraged to check the Department of Revenue's Web site for a comprehensive Tax Bulletin addressing how to report income under MSRRA.

## *PORTIONS OF FARMERS' ENERGY BILLS MAY BE EXEMPT FROM SALES TAX*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

The Department of Revenue reminds Pennsylvania farmers they may be eligible for sales tax exemptions on the following energy uses:

- Fuel or power used to ventilate buildings used to preserve the health of productive animals;
- Fuel or power used to operate sales-tax-exempt machinery and equipment;
- Lighting for interior barn illumination;
- Air conditioning, refrigeration, space heating and other such systems used to preserve productive animals' health;
- Air conditioning, refrigeration, space heating and other such systems used to prevent farm products from spoiling before the products are packaged for the ultimate consumer;
- Metered steam, natural gas, manufactured gas and electricity used directly for farming;
- Bottled gas, fuel oil or kerosene used directly for farming;
- Electricity to operate farm equipment; and/or
- Industrial interior barn lighting.

This list is not all-inclusive. Farmers are encouraged to visit the [department's Web site](#) or call 717-787-1064 with questions regarding sales tax exemptions specific to farming operations.

Farmers may claim a sales tax exemption by providing the seller with a property completed REV-1220 AS, the Pennsylvania Exemption Certificate available from the [Revenue Web site](#). Farmers without Internet access can request a form by calling, toll-free, 1-800-362-2050.

It is the farmers' responsibility to notify their energy providers of a sales tax exemption.

## *NEW TAX FORM AVAILABLE TO PENNSYLVANIA FARMERS*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

The Pennsylvania Department of Revenue developed REV-1630A, Underpayment of Estimated Tax by Individual Farmers, to help farmers calculate underpayment interest penalties.

Farmers are unlike other taxpayers, in that if two thirds of their gross income is derived from farming, they may make estimated Pennsylvania personal income tax payments for the previous tax year by Jan. 15 following the tax year, or file tax returns and pay all associated taxes due by Mar. 1 following the tax year.

To determine who should complete REV-1630A, farmers must determine if they meet the requirement of making two-thirds of gross income from farming, described on Page 1 of the form. If the farmer does not, REV-1630 must be completed.

The streamlined form also makes it easier for a farmer to determine if exceptions are met to the underpayment interest penalty and report the underpayment penalty.

REV-1630A and REV-1630 may be downloaded from the [Revenue web site](#) or ordered by calling, toll-free, 1-800-362-2050.

# *BUSINESSES ON PENNSYLVANIA'S TAX DELINQUENT LIST NOW OWE MORE THAN \$9.4 MILLION; 41 FIRMS ADDED TO LIST*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

With the addition of 41 new delinquent taxpayers to the Pennsylvania Department of Revenue's tax delinquent list, a total of 275 businesses now owe the state more than \$9.4 million.

"These businesses, the names of which are listed in the 'Hot Topics' section at [www.revenue.state.pa.us](http://www.revenue.state.pa.us), collected taxes from their customers and employees but failed to send the money to the Commonwealth," Acting Revenue Secretary C. Daniel Hassell said. "I encourage taxpayers to check the list for delinquent businesses in their area."

The 41 new delinquent taxpayers added to the list in March include: Clayton's Hunting and Fishing Inc., Horsham, Montgomery County (\$124,378.54); Ronald F. Rokicki dba Rokickis Auto Service, Pittsburgh (\$7,670.93); York Little People Day Care School Inc., York (\$40,787.41); Arts Conservatory of Central PA, State College, Centre County (\$10,983.83); Pines Village Market Inc., Pocono Lake, Monroe County (\$8,506.72); and PSI Motorsports Inc., Walnutport, Northampton County (\$59,688.94).

The list includes businesses that owe sales and/or employer withholding taxes. Since the list debuted in April 2006, 519 of the 794 businesses, or 65.4 percent, that appeared on the list have been removed because they paid taxes in full, committed to deferred payment plans or went out of business.

Before being listed on the Web site, businesses and individuals are contacted by the department and given a final chance to make payment arrangements. The prospect of appearing on the list has encouraged delinquent taxpayers to pay \$116.4 million and enter into deferred payment plans for an additional \$12.1 million in previously unpaid taxes.

Many states have found that public identification of tax delinquents can be a successful tax collection incentive. At least 23 other states – including Maryland, New Jersey and Virginia – use Internet lists to help collect unpaid taxes.

Information on the Web site is public as a result of liens filed by the Revenue Department. Each lien is recorded in the county prothonotary's office where the person lives or does business. The amounts listed on the Web site represent the original liens. The current amount of tax due may differ from the amount listed on the site because of partial payments and/or the accrual of additional interest since the tax lien was filed.

Any delinquent taxpayer appearing on the list should contact the Revenue Department at the phone number listed on the letter he/she received or call the nearest Revenue district office to make payment arrangements. The Web site is updated monthly, and delinquent taxpayers who resolve their tax liabilities are removed from the site each month.

"Tax delinquents such as those on this list will have an opportunity to settle back taxes without penalty and half-off the interest during Pennsylvania's upcoming Tax Amnesty program," Hassell noted. "I encourage taxpayers with outstanding tax liabilities to explore the PA Tax Amnesty program beginning April 26."

The complete tax delinquent list and additional information on the PA Tax Amnesty program are available at <http://www.revenue.state.pa.us/> under the "Hot Topics" tab on the home page.

## *ELECTRONIC BANKING TRANSACTIONS LIMITED TO FINANCIAL INSTITUTIONS IN U.S.*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

The federal Office of Foreign Assets Control imposed additional reporting requirements on electronic banking transactions directly involving financial institutions outside the territorial jurisdiction of the U.S. These transactions are called International ACH transactions (IAT) and include both electronic debit (tax payments) and credit (direct deposit of refunds) transactions.

The Dept of Revenue does not support these IAT transactions. If a taxpayer's financial institution is outside the territorial jurisdiction of the U.S., he/she must make payment using one of the following methods:

### Business Taxpayers

- ACH Credit
- Certified/Cashier's Check (for payments of \$20,000 or more)
- Credit/Debit Card
- Paper Check (for payments under \$20,000)

### Individual Taxpayers

- Credit/Debit Card
- Paper Check

Direct deposit of individual tax refunds is not available to taxpayers using financial institutions outside the territorial jurisdiction of the U.S.

Commercial software vendors have been encouraged to inform taxpayers about these banking regulation changes and confirm electronic transactions are not IATs.

## *COMMONWEALTH COURT AFFIRMS DEPARTMENT'S DENIAL OF PARTNERSHIP LOSS*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

The Commonwealth Court of Pennsylvania recently affirmed the Department of Revenue's denial of a partnership-related loss in *Hvizdak v. Commonwealth*. The Commonwealth Court agreed with the department's position that the transaction generating the loss was not a transaction entered into for profit, and that the transaction lacked economic substance. On these grounds, the court agreed the department was correct in denying taxpayer's loss claimed for PA personal income tax purposes.

In *Hvizdak*, the taxpayer claimed a \$21.8 million personal income tax loss related to a partnership investment. The taxpayer had entered into a settlement agreement with the Internal Revenue Service, in which the taxpayer conceded the \$21.8 million loss should be disallowed for federal income tax purposes.

The taxpayer further conceded in the IRS settlement agreement that the transaction was a "Notice 2002-50 transaction." Generally speaking, a Notice 2002-50 transaction is a transaction that lacks a sufficient likelihood of profit apart from tax savings and that lacks practical economic effects aside from the creation of tax losses.

A personal income tax loss is allowable only with respect to a transaction or activity entered into with profit as the primary motive; mere profit potential is insufficient. In addition, a transaction or activity must have substantial economic substance aside from the creation of tax losses. Because the partnership-related transaction at issue in *Hvizdak* failed to satisfy these requirements, the department appropriately denied the taxpayer's loss.

The taxpayer recently filed Exceptions to the Commonwealth Court's decision.

## REVENUE DEPARTMENT PROVIDES PA TAX AMNESTY UPDATE

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

(posted May 17, 2010)

### 32 Days Remain for Tax Delinquents to Take Advantage of PA Tax Amnesty

Harrisburg - The PA Tax Amnesty program received 24,433 completed, or in-process, applications disclosing more than \$35.3 million in previously unpaid Pennsylvania back taxes in the program's first three weeks, Secretary of Revenue C. Daniel Hassell reported today.

The single largest payment to date was \$548,284.50 for corporate taxes.

As of this morning, traffic to the PA Tax Amnesty website, [www.PATaxPayUp.com](http://www.PATaxPayUp.com), totaled nearly 166,000 hits; and more than 43,000 calls to the PA Tax Amnesty hotline, 1-877-34-PAYUP, were answered.

About Tax Amnesty:

For a limited time, the PA Department of Revenue is waiving 100 percent of penalties and half the interest for anyone who applies for Tax Amnesty online at [www.PATaxPayUp.com](http://www.PATaxPayUp.com) and pays eligible delinquent taxes by June 18.

The 54-day PA Tax Amnesty program, created by Act 48 of 2009, is generally available to all individuals, businesses and other entities with PA tax delinquencies as of June 30, 2009.

The Tax Amnesty period began on April 26 and is expected to net \$190 million for the current fiscal year budget by June 18.

After the program ends on June 18, eligible taxpayers that did not take advantage of the PA Tax Amnesty opportunity to pay what they owe will have a 5-percent non-participation penalty added to delinquencies and may face other enforcement actions.

For more information, visit [www.PATaxPayUp.com](http://www.PATaxPayUp.com) or call 1-877-34-PAYUP (1-877-347-2987) weekdays between 7:30 a.m. and 7 p.m.

## RECORD NUMBER OF PENNSYLVANIA TAXPAYERS FILE ELECTRONICALLY

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Harrisburg - More than 3.5 million taxpayers, or about 66 percent of all individual taxpayers, filed 2009 Pennsylvania personal income tax returns electronically this year, setting a new record for electronic filing.

"Pennsylvanians who file income taxes electronically do themselves and the state a great service," said Secretary of Revenue C. Daniel Hassell, who noted the state has received 4 percent more tax returns electronically so far this year compared to the total number of returns filed last year. "Individuals who file electronically get their refunds faster; while state government saves \$3.49 in processing costs per return."

Taxpayers who use the e-file option may have refunds deposited directly into bank accounts or pay balances due electronically. This year, more than 808,000 taxpayers chose to directly deposit refunds; more than 254,000 paid taxes through electronic funds transfer; and more than 18,000 individuals paid state taxes by credit card.

For more information on electronic filing options, visit [www.revenue.state.pa.us](http://www.revenue.state.pa.us).

**RECORD 590,783 PENNSYLVANIANS RECEIVED**  
**PROPERTY TAX/RENT REBATES**  
**2009 Rebate Applications Now Available**

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Last month, Governor Edward G. Rendell announced a record number of older adults and residents with disabilities received property tax/rent rebates last year and encouraged eligible people to apply for the 2009 rebate program.

"Revenue from the Lottery and slots gaming provided much-needed property tax relief to a record 590,783 older adults last year, and about 123,500 homeowners saw their school property taxes completely eliminated," Governor Rendell said.

All residents who received rebates last year should have received 2009 application forms by mail in February, the Governor noted. Older adults must reapply for rebates by June 30 every year because rebates are based on property taxes or rent paid each year and annual income.

As of March 15, more than \$276.3 million in property tax and rent rebates have been sent to a record 590,783 homeowners and renters across the state for taxes and rent paid in 2008. The Revenue Department continues to process applications that came in close to the deadline.

The rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. A 2006 program expansion increased the income limit from \$15,000 to \$35,000 (which excludes half of Social Security income) for homeowners and raises the maximum standard rebate for both homeowners and renters from \$500 to \$650. The income limit for renters is \$15,000.

The program expansion also provides for supplemental property tax rebates of up to \$325 – on top of the standard rebates - to homeowners in Philadelphia, Pittsburgh and Scranton and to those in other parts of the state who pay more than 15 percent of income on property taxes. As a result, the maximum rebate for those homeowners is \$975.

Property Tax/Rent Rebate forms (PA-1000) and related information may be obtained at [www.papropertytaxrelief.com/](http://www.papropertytaxrelief.com/) or by calling 1-888-222-9190. Forms and assistance also are available at Department of Revenue district offices (listed in the government section of local telephone directories), local Area Agencies on Aging, senior centers and state legislators' offices.

The deadline to apply for a rebate on property taxes or rent paid in 2009 is June 30, 2010. Rebates will be distributed beginning on July 1, as specified by law. The Property Tax/Rent Rebate Program is one of five programs supported by the Pennsylvania Lottery. Since the program's 1971 inception, older and disabled adults have received nearly \$4.5 billion worth of property tax and rent relief. The expanded portion of the rebate program is paid for with revenue from slots gaming.

**Fast Facts**

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Fifty-eight percent of Pennsylvanians electronically filed their state income taxes last year.

Electronic filing is the most cost-effective tax filing method, saving the state about \$3.49 per return.

## 2010 CALENDAR OF EVENTS

PA Chapter events in bold type, *National events in italics.*

<b>July 13</b>	<b>Board of Directors Telephone Conference Call</b>
<i>July 19-22</i>	<i>NATP National Conference Hilton Hotel, Austin, Texas</i>
<b>September 11</b>	<b>Celiac Disease Charity Walk, Presque Isle Park, Erie</b>
<b>September 23</b>	<b>West Working Together Conference Harmar House, Cheswick</b>
<i>September 23 &amp; 24</i>	<i>S-Corp Workshop Eden Resort Inn, Lancaster</i>
<b>September 26</b>	<b>Diabetes Charity Walk through Pittsburgh Zoo</b>
<b>September 27</b>	<b>Board of directors Meeting West Seminar, Regional Learning Alliance Conference Center Cranberry Twp, PA (Pittsburgh area)</b>
<b>October 19</b>	<b>East Seminar Valley Forge Convention Center, Valley Forge</b>
<i>October 20 &amp; 21</i>	<i>1040 Workshops, Conference Center – Manufacturer &amp; Business Association, Erie</i>
<i>October 22 &amp; 23</i>	<i>1040 Workshops Radisson Hotel, Pittsburgh</i>
<b>November 15</b>	<b>Board of Directors Meeting Afternoon Education Session, Round Table Discussions</b>
<b>November 16</b>	<b>PA-NATP Annual Conference Holiday Inn Harrisburg West, Mechanicsburg</b>
<i>November 17 &amp; 18</i>	<i>1040 Workshops Hilton Philadelphia Airport, Philadelphia</i>
<i>November 29 &amp; 30</i>	<i>1040 Workshops Holiday Inn Harrisburg West, Mechanicsburg</i>
<i>December 1 &amp; 2</i>	<i>1040 Workshops Eden Resort Inn, Lancaster</i>

### Celebrities Wanted:

Have you appeared on television or had articles published? Have you spoken publicly with respect to tax topics? The Chapter of the Year Application Committee needs you. One of the sections of the Chapter of the Year application requires documentation of these items. Points are awarded to the Chapter for each document enclosed with the application. Please forward documentation to Justina Tushak at [justinatu@verizon.net](mailto:justinatu@verizon.net). The application deadline is June 1 however the committee will collect the documentation throughout the year.

## The Financial Page

### Income & Expenses Year to Date

as of April 30,2010

#### **REVENUES**

Dues	4360.00
Printed Matter Sales	1105.51
Interest	<u>13.84</u>
<b>TOTAL REVENUES</b>	<u><u>5479.35</u></u>

#### **EXPENSES**

Newsletter - Postage	24.40
Newsletter - Printing	43.20
Newsletter - Misc	200.00
<b>SUBTOTAL</b>	<u>267.60</u>
Admin - Faxes	2.10
Admin - Bank Fees	59.11
Admin - Telephone	15.76
<b>SUBTOTAL</b>	<u>76.97</u>
BOD – Conf. Calls	266.19
Printed Materials	194.15
Web Site	184.40
<b>SUBTOTAL</b>	<u>644.74</u>
<b>TOTAL EXPENSES</b>	<u><u>989.31</u></u>
<b>NET INCOME</b>	<u><u>4490.04</u></u>

### Balance Sheet

#### **ASSETS**

<b>Current Assets:</b>	
Commercial Bank Checking	6718.55
Commercial Bank Savings	8430.68
Commercial Bank PayPal	50.00
Accounts Receivable	<u>                    </u>
<b>Total Current Assets:</b>	<b>15199.23</b>
<b>Property and Equipment:</b>	
Property and Equipment	2442.10
Equipment – Accum Depr	<u>(1370.00)</u>
<b>Total Property and Equipment:</b>	<b>1072.10</b>
<b>Other Assets:</b>	
	<u>                    </u>
<b>Total Other Assets:</b>	<u>                    </u>
<b>Total Assets:</b>	<u><u>16271.33</u></u>

#### **LIABILITIES AND CAPITAL**

<b>Current Liabilities:</b>	
Scholarship Payable	<u>846.00</u>
<b>Total Current Liabilities:</b>	<b>846.00</b>
<b>Long-Term Liabilities:</b>	
	<u>                    </u>
<b>Total Long-Term Liabilities:</b>	<u>                    </u>
<b>Total Liabilities:</b>	<b>846.00</b>
<b>Capital:</b>	
Retained Earnings:	10953.29
Net Income:	<u>4490.04</u>
<b>Total Capital:</b>	<u>15425.33</u>
<b>Total Liabilities &amp; Capital:</b>	<u><u>16271.33</u></u>

# Synopsis of PA NATP Board of Directors Conference Call January 7, 2010

The meeting was called to order at 9:02 by President Tushak.

The Current Agenda and Minutes from the November Board meeting were sent out by email.

President Tushak spoke about the upcoming new year and being on track with having a projected calendar already in place. The website was updated to reflect the change of presidency.

Rich provided the balance sheet as of 12/31/2009. Rich noted we made \$846 from the fundraisers for the scholarship fund. The publication sales were slow and a reminder next year a blast should go out right after our annual meeting.

Patti Blum said the December report from National shows 948 members. Bonnie will be drafting a letter out to all the members who did not renew. Bonnie will be the contact person for membership in 2010.

With the new education requirements on the preparers the Public Relations and Membership will be working hand in hand on the future for new avenues for our organization. Justina stated that we are one of the few organizations that are open to non-enrolled individuals.

Chapter of the Year: Justina stated we could use a larger committee on this Book. She will email each committee chairperson a list of expectations for the book once she gets the new 2009 requirements. Each committee should have What was accomplished as well as Goals. Points are awarded for our seminar attendance so some things our beyond our control

Our seminar dates are firmed up for 2010, West will be 9/27, East will be 10/19 and the Annual will be Nov 15 and 16th. All will be posted to our website [www.panatptax.com](http://www.panatptax.com)

Charity: Links to the Website will be added as soon as we have them for members to donate. Even if a member cannot attend a walk they can still donate to help the cause. We now have a Charity "Tax Tripper" cup ordered and it will be shipped to the winner for 2009 Rich as soon as it comes in. Each year a winner will have the cup for the next year

Justina email a 2010 new committee list to all board members.

Meet ended at 11:14 am. Next Conference Call will be May 10 2010

Submitted by, Patricia Turner- Secretary

## *Synopsis of PA NATP Board of Directors Conference Call May 10, 2010*

The meeting was called to order at 9:01 AM by President Justina Tushak with 10 Directors and one guest in attendance.

President Tushak thanked Kathy Kramer for the outstanding job she did in organizing the May 5<sup>th</sup> social event at the Penn College of Technology in Williamsport. She also mentioned that several of the Directors met the following day to discuss the 2010 education seminars and to work on the Chapter of the Year application.

Chapter Secretary Patty Turner had previously emailed the minutes of the January 7 Board teleconference which were approved.

Chapter Treasurer Rich Miller presented the balance sheet and income statements thru April 30<sup>th</sup> which were approved. He stated that the Chapter's 990 return had been filed and that the 2009 and 2010 contributions totaling \$1346 had been made to the Dave Kinckerbocker Scholarship Fund. He also suggested that in light of the poor sales of 2009 printed material, the sale announcement for 2010 should be sent out earlier.

Membership Committee Chair Patti Blum reported that Chapter membership stood at 993. She voiced the hope that membership will increase significantly with prepare licensure and education requirements. Nominations Committee Chair Dave Fleming informed the Board that the term of office for Directors Chuck Evans and Howard Pachter are up at the end of 2010. Chuck will stand for reelection; Howard has not yet been contacted. Rich Miller will replace Chuck on the Nominations Committee.

Newsletter Editor Sam Wingard advised that release of the next issue is scheduled for the end of May with article submission due by May 17<sup>th</sup>. Kathy Kramer, Chuck Evans and Justina Tushak volunteered to write articles.

Public Relations Chair Patty Turner suggested that preparer licensure and CPE requirements could be used to encourage non-members to join NATP. It was decided to send informational post cards to IRS listed e-file providers. For the task, Kathy Kramer and Patty Turner will divide the state between themselves.

Justina noted that updated information had been posted to our website. She also reported that scholarship applications would shortly be available and that the scholarship will be awarded in early June.

A.C. Stickel advised the Board that he had completed the audit of 2008 and all was in order.

Discussed next were details of the Chapter Annual Conference, East and West Seminars, charity events, Working Together Workshops and the National Conference. At the suggestion of Denise Madeira, it was decided that a "get acquainted" social will be held at National as early in the week as possible.

The next Board teleconference was scheduled for July 13<sup>th</sup>.

The meeting adjourned at 11:24.

## PA-NATP NEWS Advertising Space Available

Your ad on these pages can reach nearly 1000 PA tax professionals.

### **Classified Ad Rates**

#### NATP Member rates, up to 100 words:

1 Issue \$20.00

2 Issues, same ad \$30.00

3 Issues, same ad \$40.00

4 Issues, same ad \$50.00

Additional words flat rate 50¢ per word for 1- 4 issues, member and nonmember.

#### Non-Member rates, up to 100 words:

1 Issue \$30.00

2 Issues, same ad \$45.00

3 Issues, same ad \$60.00

4 Issues, same ad \$75.00

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#### NATP Member rates:

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#### Non-Member rates:

Full page \$225.00

Half page \$125.00

Quarter page \$75.00

All ads must be prepaid and tax/accounting/financial planning related.

#### Mail checks, payable to PA-NATP, to the treasurer:

Richard L. Miller, CFP

168 Chestnut Dr

Greensburg, PA 15601

#### Send ads to the newsletter editor:

Samuel Wingard

2652 Barnard Rd

Dayton, PA 16222

[sam1040@windstream.net](mailto:sam1040@windstream.net)

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VACANCY

VACANCY

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