

Capital of Texas Enrolled Agents

Where Keeping You Informed is Our #1 Goal

April, 2010

CTEA, or *Capital of Texas Enrolled Agents*, is an organization whose mission is to foster the professional growth of its members through Continuing Professional Education (CPE) and facilitate communications with the Internal Revenue Service and state taxation agencies. Our group is comprised of more than one hundred Austin and central Texas area tax professionals, the majority of whom are enrolled agents (EAs). Rounding out the membership are CPAs, attorneys and other tax practitioners.

Next CTEA Meeting: Monday, April 26th
Reservations required. Speaker: John C. Blazier, Attorney-at-Law on the topic of Texas Property Laws & Wills

Taxpayer Advocacy Panel [TAP]

In February, we printed a short piece about Jackie Rollins, the President of our organization and a newly selected member serving on the nationwide Taxpayer Advocacy Panel. For questions, or more information, taxpayers can contact Jackie Rollins and the TAP by calling 1-888-912-1227 or via the Internet at www.improveirs.org. Taxpayers can also write to the Panel at:

Taxpayer Advocacy Panel
MS 1006MIL
211 West Wisconsin Avenue
Milwaukee, WI 53203-2221

Focus on Audits

In January of this year, one of the articles in our newsletter talked about ATG's [Audit Technique Guides]. Taking this one step further, I recently had a conversation with one of the audit staff of the IRS-Austin area. In this informal conversation, I asked the agent, as a friend, what they thought of working with taxpayer representatives, especially Enrolled Agents. A good friend can be honest, I guess, but I was sadly disappointed in the answer. I'm not quoting, just paraphrasing, but basically the answer was along the lines of, 'I can't see how they ever got their enrollment card. Many times, they just don't know what they [the EA] are talking about and don't know the rules and guidelines that we [auditors] must follow.' That was disheartening, to say the least. Because of this, I must recommend again that you, as members of this esteemed group, must visit and review some of the ATG's located under the 'Businesses' section tab of www.irs.gov. These ATGs focus on developing highly trained examiners for a particular market segment. These Guides contain examination techniques, common and unique industry issues, business practices, industry terminology and other information to assist examiners in performing examinations. Please be sure to check out the ATG listing before you begin collecting data from your client.



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Nonprofit organizations to lose exemption Status?

Do you have a Non Profit organization as one of your clients? If you do, then you probably already know that a looming deadline is rapidly approaching. In Mid-May, several organizations stand to have their exemption status revoked and this is causing a lot of press that could start a panic for those caught unawares. Several headlines such as this from *The New York Times*, cites: "One-Fourth of Nonprofits Are to Lose Tax Breaks" and mentions that '... nonprofit organizations are weeks away from a doomsday.' To prevent this 'doomsday' for our own clients, it is a good idea to check out the facts and act quickly to forestall any problems.

Embedded in the Pension Protection Act of 2006, the Internal Revenue Service was directed to revoke the tax exemptions of groups that failed to file for three consecutive years. [for full documentation of this act, visit: <http://www.irs.ustreas.gov/retirement/article/0,,id=165131,00.html>] The pertinent section is Section 1223, around pages 311-312 of this document. Prior to this enactment, only organizations with income of \$25,000 or more were required to file a return. Now, it seems, they are all required to file regardless of income. [see entire document for exact requirements on who must file a return]. Please do your own research into the status of your clients to be sure they don't fall into one of the categories that could cause them to lose their exemption status!

Good-bye, 2006!

The past couple of months, the IRS collections, audit and normal return processing areas have been focused on closing out all business for the 2006 taxpayer returns. [source: *employee of Kansas City office of the IRS*] As of April 15, 2010, unless a timely extension was filed or waiver signed to extend the collection/review process, taxpayers will no longer be able to claim a tax refund for the year 2006. Normally, I personally don't worry about the years that are going away – I, like many of you, do the countdown in my head frequently of which audit year is going away and which year's worth of records can be tossed. But a surprising trend has been growing the past decade or so. Many clients come to me and say they haven't filed for two or more years. I also have a handful of regulars that only file once every two-three years. Some, unfortunately, wait too long and lose their chances to claim a refund. Although I always advise them to stay current, the number of people using this method of reporting continues to grow. Now here is an interesting little tidbit that I hate to pass on to my clients because it may instigate more deadline procrastination – when you are getting a refund for a prior year, with or without an extension, you also get accumulated interest on top of the refund! Of course, the adverse is that should you owe, there are late filing penalties and interest. Some people, maybe believing they are working the system – just use the Dept. of Treasury as a savings account – with interest!

Tip of the Month

Remember this when dealing with your clients:
'Be Proactive, not Reactive'

Rhonda Esakov, editor-in-chief

