

THE Wisconsin Accountant

2009
Seminars

Wisconsin Association of Accountants ■ 1-800-237-4080 - 715-425-0482 - www.wiassociationofaccountants.com

June 16-17
Prof. John Connors
Partnerships & Depreciation
Madison
Sheraton Hotel
(608) 251-2300

September 21-22
WAA Annual Convention
La Crosse
Radisson Hotel
(608) 784-6680

October 19-20
Federal Tax Update
Wausau
Stoney Creek Inn
(715) 355-6858

November 2-3
Gear Up 1040
Waukesha
Country Springs Hotel
(800) 247-6640

November 16
Gear Up Business Entities
Madison
Sheraton Hotel
(608) 251-2300

November 30 - December 1
Gear Up 1040
Hudson House Inn
(715) 386-2394

December 8-9
Bob Jennings Tax Update
Kalahari Resort
(877) 254-5466

Taking Your Tax Problem to the Taxpayer Advocate

Submitted by Thomson Reuters



In one of the early paragraphs of her latest annual report to Congress (for 2008), National Taxpayer Advocate Nina Olson states that:

"During economic downturns, the IRS is placed in a difficult position. On the one hand, more taxpayers are experiencing economic setbacks--loss of jobs, loss of homes, losses on investments--and thus are more likely to be unable to pay all their taxes. On the other hand, as the budget deficit grows, the IRS comes under subtle pressure to collect more federal revenue and close the tax gap."

Therein lies the dilemma the Taxpayer Advocate's Office currently faces--a more aggressive IRS attempting to collect more money from taxpayers in a faltering economy. And the situation may get worse--on March 30, 2008, Deputy Commissioner for Services and Enforcement Linda Stiff said that the IRS plans to hire more than 3,500 frontline enforcement employees as it embarks on its largest hiring initiative in recent history. This will include more than 2,000 new revenue agents and revenue officers.

When a client has a collection (or other) problem that can't be solved, the practitioner should consider going to the local Taxpayer Advocate. The Taxpayer Advocate office is an independent organization within the IRS specifically charged with helping taxpayers who are suffering harm, who can't get problems with the IRS resolved through normal channels, or who find an IRS process isn't working as it should. The Taxpayer Advocate office also addresses systemic IRS problems and recommends solutions to them.

Taxpayer Advocates retain their independence by reporting directly to the National Taxpayer Advocate, who answers to the IRS Commissioner. The most recent statistics indicate that this independence is real--in her annual report to Congress, the Taxpayer Advocate's office reported it received over 274,000 cases. It closed 260,439 cases, providing full requested relief in over 176,000 of the cases. In the cases where no relief was provided, 75% involved taxpayers who failed to respond to the Advocate's questions or received relief before the Advocate's intervention. In only 845 of the cases was the taxpayer deemed not to have incurred a hardship as the result of an IRS action.

The TAO process usually starts with the taxpayer or representative filing an application on the official IRS form (aptly numbered Form 911), by letter, or by telephone. If filed by a representative, that person must be an attorney, CPA, or other person who is eligible to practice before the IRS, and who has a written power of attorney from the taxpayer.

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Come join us!

Partnerships & Depreciation Seminar
by Professor John Connors

Still time to sign up! Details on back panel.



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Executive Corner . . .

The spring seminar was just awesome! Bob Jennings was highly entertaining and informative. This is especially for those in attendance – How about those portals? OK – Everyone should find out about client portals – everyone is talking about them! Bob gave us the latest on equipment and technology of which at least one or two things I will purchase for my office.



Byron Dopkins,
Executive Director

Our summer seminar on June 16th and 17th at Sheraton Hotel in Madison will feature Prof John Connors. His topic on day one will be partnerships and LLCs and even how the law compares to corporate. We have been asking for a more in depth seminar on business subjects! With LLCs becoming so popular, partnerships are back in vogue. We need to strengthen our knowledge, acquisitions, members, and all the fun stuff. Day two is John's famous depreciation seminar. He will make you think about various ways to handle each asset. Last time I attended this seminar I questioned most items I have set up for depreciation over the last few years.

Hope to see everyone at this seminar. Have a great summer! We all have earned time off.

Byron L Dopkins, EA ABA ECS
WAA Executive Director

From the President . . .

Just an update on a few items.... Our technology seminar with Bob Jennings was well attended on May 8th. However a few people felt a little rushed after tax season, so we may push next years May seminar ahead one week.



Jim Molenda,
President

Our May board meeting set a good agenda for the year. Our follow-up meeting is Friday June 5th in the Dells area. The "Wilderness" will be the site of our state convention in 2010.

We would like to hear from those of you who are considering attending the National convention (San Diego) in August.

Remember our two day seminar (Madison with Professor John Connors), June 16th and 17th.

The other day I called one of our members. He was in the middle of a "training session" and not available that day. I thought for a moment and then realized this is the perfect time to review last tax seasons procedures, etc. Our office is going to have a "training session" in a few weeks.

Last item.....we missed our quote of the month in the last issue, so you get two this month.

Have a great summer.

Jim Molenda, EA
WAA President

Quotes of the month

“ Ideas are funny little things. They don't work unless you do.”

“ What a man accomplishes depends on what he believes.”

Taking Your Tax Problem to the Taxpayer Advocate

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What a Taxpayer Assistance Order Can Do

Assuming the taxpayer qualifies (the significant hardship test described below is met), a TAO can require the IRS to take or refrain from taking any action permitted by law and needed to relieve the taxpayer's significant hardship [Reg. 301.7811-1(c)(1)]. TAOs can also be issued directly to an IRS functional unit ordering the unit to take an action or reconsider a determination. For example, a TAO can:

1. Require the IRS to release levied property, to the extent it can do so by law.
2. Require the Collection Division to review certain issues or information, such as financial information supporting a request for an installment agreement.
3. Require a case to be reconsidered by the Examination Division.
4. Require action be taken on an amended return, letter request, or response to a notice.
5. Expedite the consideration of a claim, request for determination, or other information under consideration. For example, the TAO can require the Appeals Office to expedite consideration of a nondocketed case, or require the Examination Division to review a request for transfer of the case to another office.
6. Direct the IRS to pay a refund immediately to a taxpayer eligible for a refund to relieve severe hardship facing such a taxpayer. In addition, a TAO can stop collection action to allow the IRS to review the appropriateness of the action.

However, a TAO generally will not be issued in the following circumstances:

1. If related to an ongoing criminal investigation, or if intended to enjoin an act of the Chief Counsel (excluding the Appeals Office) [Reg. 301.7811-1(c)(3)].
2. To contest the merits of the underlying tax liability, or address the technical aspects of a tax account. For example, a TAO cannot be issued to change the determination of an audit deficiency.
3. To circumvent the Code, even if the Code results in a hardship. For example, a TAO cannot be issued where law prevents the requested action, such as when a taxpayer files a claim for refund after the statute of limitations has expired.

Determining Significant Hardship

To obtain a TAO, the taxpayer must be suffering or will suffer a significant hardship, defined as a "serious privation caused or about to be caused to the taxpayer as the result of the particular manner in which the revenue laws are being administered by the Internal Revenue Service. Mere economic or personal inconvenience to the taxpayer does not constitute significant hardship" [Reg. 301.7811-1(a)(4)(ii)].

The definition of significant hardship includes cases where:

1. there is an immediate threat of adverse action;
2. there has been a delay of more than 30 days in resolving the taxpayer's account problems;
3. the taxpayer will have to pay significant costs (including fees for professional services) if relief is not granted; or
4. the taxpayer will suffer irreparable injury, or a long-term adverse impact, if relief is not granted.

The Internal Revenue Manual (IRM) discusses factors to be considered in determining whether significant hardship exists. Basically, any loss, or potential loss, of life's necessities, a job, or an educational opportunity; a negative impact on the taxpayer's credit rating; or substantial physical or emotional distress are factors that weigh heavily in favor of determining that there is a significant hardship. For businesses, inability to meet payroll or credit problems also qualify as significant hardships. The determination should not depend upon whether the taxpayer has been compliant in the past, or who is to blame for the problem.

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WAA Benefits

- Seminars and Educational Forums
- Accreditation
- Local Chapter Involvement
- Government Agency Liaison
- Monitor Legislation
- Insurance Programs
- Accountants Protection Plan

WAA Objectives

- To raise professional standards and improve the practice of accountancy.
- To strive for excellence in the profession.
- To encourage accountants in a continuing program of professional development.
- To foster increased recognition for the professional in the public, private and educational sectors of our state.
- To initiate legislative action and provide government liaison between the accounting profession and government leaders.
- To provide meetings and fellowship for accountants.
- To promote the highest standard of ethical conduct among its member.



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Taking Your Tax Problem to the Taxpayer Advocate

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Working a Taxpayer Advocate Case

Generally, the sooner a Taxpayer Advocate is brought into the matter, the sooner it will get resolved. Thus, there should be no hesitancy to request intervention of a Taxpayer Advocate as soon as the criteria for entering the process have been met.

The practitioner should first verify that the taxpayer, type of tax, balance due (including interest and penalties), and IRS actions are all correct. If possible, get copies of all correspondence to help support the contention that the TAO criteria have been met. The client should also sign a power of attorney at this time AND pay the appropriate retainer.

An independent review of the correspondence should help the practitioner determine whether the Taxpayer Advocate criteria have been met. However, experience has shown that a Taxpayer Advocate will still consider an issue, particularly if the IRS has acted inappropriately, even when it may not be clear that the criteria have been met. If there is a question, the Taxpayer Advocate should be contacted and the case discussed.

The practitioner should then prepare and file Form 911 or a written statement containing the information listed in Reg. 301.7811-1(b)(1). See Chapter 1 of PPC's Guide to Dealing with the IRS for help in preparing the written information.

Most cases are worked as quickly and effectively as possible. Nevertheless, the practitioner should monitor the progress of the case to make sure that additional information is provided when needed and the Taxpayer Advocate clearly understands the problems, applicable deadlines, and requested solutions.

IRS Announces Withholding Adjustment Option for Pension Plans and Provides Taxpayer Education

Submitted by The IRS

IR-2009-50, May 14, 2009

WASHINGTON — As part of a wider outreach effort to educate taxpayers about the benefits they will receive under the American Recovery and Reinvestment Act, the Internal Revenue Service today released new withholding adjustment procedures for pension plans.

In February, the IRS issued revised withholding tables incorporating the Making Work Pay Tax Credit, one of the key provisions of the American Recovery and Reinvestment Act. That change resulted in more take home pay for more than 120 million American households and provided an immediate economic stimulus. The new procedure for pensions will make withholding more accurate for pension recipients.

While the newly announced procedures apply only to pension payments, the IRS is gearing up for a wider outreach campaign to educate pensioners and other taxpayers about the withholding tables and Recovery payments. The IRS will work with partner groups to provide taxpayers information to make sure they have the appropriate withholding for their situation. The IRS will also work on developing a variety of information products, including brochures, video and audio material to help educate taxpayers.

The change announced today will help some pensioners avoid a smaller refund next spring or even a balance due in limited situations. A wide variety of factors, such as outside jobs and other earned income, can affect how much, if any, withholding is needed by people receiving a pension to satisfy their annual tax liability. The optional adjustment procedure which may be used by those paying pensions is available in Notice 1036-P, Additional Withholding for Pensions for 2009. The on-line version of Publication 15-T, New Wage Withholding and Advance Earned Income Credit Payment Tables, will be updated and available next week.

Pension payors are not required to use this new procedure and may continue to use only the February 2009 withholding tables. For plans that adopt the new procedure, withholding on pension payments will be automatically adjusted with no action needed by pensioners. The IRS is also encouraging pension payors who choose to implement the new withholding adjustment procedures to contact retirees who previously submitted a Form W-4P, Withholding Certificate for Pension or Annuity Payments, requesting additional withholding after the February withholding tables were issued.

Those who should pay particular attention to their withholding include married couples with two incomes, individuals with multiple jobs, dependents, some Social Security recipients who work and workers who do not have valid Social Security Numbers. Depending on their personal situation, some people could have less withheld from their paychecks than they need or want. People who believe their current withholding is not appropriate for their personal situation can perform a quick check by using the IRS withholding calculator on IRS.gov. Any necessary adjustments can be made by filing a revised Form W-4, Employee's Withholding Allowance Certificate, with their employer.

More information is available on this Website. Taxpayers and payors can download forms and publications from this Website or request a free copy by calling toll free 1-800-TAX-FORM (1-800-829-3676).



Wanted: Marketing individual to sell advertising space in our monthly newsletter. Compensation would be based on a % of collected advertising revenue. Please send resume via email to byrondopkins@sbcglobal.net

NSA Happenings from the District V Governor . . .



Harlan Rose
NSA District V Governor

I just returned from attendance at the very lively Board of Governors Meeting May 28-30 in Oklahoma City. Topics discussed was approval of the 2009-2010 NSA Budget. Strategic plans for the future of NSA were given and will be presented at the annual meeting with some Bylaw proposals. GAAP accounting is on the way out which will make way for IFRS (International Financial Reporting Standards). IFRS may be a few years away yet but the future will come thus having us be familiar with new accounting features.

CPA mobility has been approved in 42 states thus far. The concept of mobility is not the concern but the watered down effects are. Some day Wisconsin will feel the effects. Beware! Currently the IACPA and UAA are not ready for mobility rules.

Travel still amazes me in today's world – at 7:15 A.M. I am in Oklahoma City, OK and 4 hours later (11:15 A.M) my feet are home in Wausau, WI. Lastly, I will mention election plans for NSA Annual Meeting August 12-15 in San Diego.

The District V Governor position will have a contested race between Steve Haworth (IN) and Durette Hauser (MI). I made my official announcement to run for NSA 2nd Vice President in a contested race against Sharon Cook (MO). I will need WAA support in San Diego seeking to become the first WAA member as a NSA Vice President. San Diego will be eventful – so come. Remember there are CPE sessions so register by July 1 to get the "early bird" discount and also attend the Miramar event.

Keep involved by supporting WAA and NSA.

Harlan Rose, EA, ABA
District V Governor

State District Director News . . .



Samuel J. Micale
State Director

NSA has planned the important next Leadership Networking Conference. The dates are October 22-25, 2009 in Baltimore, Maryland at the Tremont Plaza Hotel. You can earn 20 CPE credits. The focus will be on Leadership Training and Strategy plus Networking. I myself have been to two conferences and they were very beneficial in my personal and professional growth. Please contact me if you have any questions about the conference and our WAA has expense reimbursement available.

IMPORTANT: San Diego, California is the destination for the 64th NSA National Convention where our own District Governor Harlan Rose will be running for the 2nd Vice President office of NSA. A first for a Wisconsin Association Accountant. Please come and support Harlan in his attempt to move up in NSA.

Get in on the early registration by July 1, 2009 and save \$100.00 on San Diego.

NSA has online access for all to renew your NSA and ACAT dues via the internet.

NSA has many webinars coming in June. Go online <http://webinars.nsacct.org> to click and register now. If you sign up for three live webinars the fourth is free. Sign up for all four at the same time.

Best Wishes,

Samuel J Micale,
State Director

New service lets employers verify Social Security numbers 24/7

Submitted by Social Security W-2 News

Employers (and third parties acting on their behalf) can now verify employee Social Security numbers (SSN) for wage reporting purposes using an automated Telephone Number Employer Verification (TNEV) service 24 hours a day, 7 days a week. TNEV allows registered users to verify up to 10 employee names and SSNs at one time - without having to speak to a Social Security representative. The new automated phone service is replacing the current telephone number employer verification process, which requires Social Security representatives to verify numbers for employers and which will not be available after fall 2009.

The new TNEV service is very similar to the online Social Security Number Verification Service (SSNVS). Registration for TNEV cannot be completed over the phone, however. Both TNEV and SSNVS registration must be done online through Social Security's Business Services Online website. After an employer completes the online registration, Social Security will mail a one-time activation code to the employer. The activation code must be entered online, and employers will then be able to access TNEV (24/7), or SSNVS during the times listed below.

Online services availability

Monday – Friday: 5 AM – 1 AM ET
Saturday: 5 AM – 11 PM ET
Sunday: 8 AM – 11:30 PM ET

Remember: Employers must be registered in order to access TNEV and/or SSNVS. If you are not a registered user, don't delay – REGISTER TODAY



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Partnerships & Depreciation Seminar

by Professor John Connors

16 CREDITS
ACCOUNTING

Tuesday - Wednesday
June 16 - 17
8AM to 4:30PM

Still time to sign up!

To register, go to www.wiassociationofaccountants.com and fill out the online registration form.

Seminar Rates

Members	Non Members
\$335	Late \$365
<i>1 day only</i>	<i>1 day only</i>
Members	Non Members
\$180	Late \$210

Hotel Information

Sheraton Madison Hotel
706 Nolen Dr.
Madison, WI 53713
608-251-2300

Rates \$99 Single
or \$109 Double

Please ask for rooms reserved
for WI Association of
Accountants.

TOPICS INCLUDE:

DAY ONE: LLC's Taxed as Partnerships - June 16th

This workshop will give a thorough overview of how LLCs operate, from formation, through operations and upon their termination, either by dissolution or by various members exiting the entity.

Detailed coverage will include:

- Choice of entity
- Formation issues including the disguised sale rules
- Receipt of LLC interest in exchange for services
- Filing requirements when holding real estate in an LLC
- LLCs as an estate planning tool
- Entity vs. aggregate theory in partnership taxation
- Understanding LLC agreements
- How one's basis in their LLC interest is calculated
- Taking of K-1 losses, in light of at-risk and passive loss
- Treatment of suspended losses in future tax years
- Avoid employment taxes, with use of "varying interest" rules
- Sales of LLC interests and the Sec. 751 "hot asset" rules
- Tax consequences for transfer of interest due to death or retirement

DAY TWO – Depreciation, Amortization and Sale of Property – June 17th

The purpose of this comprehensive course is to provide an in-depth analysis of the complex maze of rules dealing with depreciation, amortization, and sale of property, with an emphasis on identifying special planning opportunities and pitfalls.

Major topics include:

- The latest cases and rulings involving depreciation and amortization issues and how they impact clients
- Correctly handling depreciation on business vehicles
- Using cost segregation studies to dramatically enhance your clients' write-offs
- Accounting for a change in use
- How to maximize the increased \$179 expense election
- Calculate depreciation in a short tax year and start-ups of businesses
- Understanding §197 amortization issues; how to handle software & website costs
- Correct handling of depreciation write-offs for retail, restaurant & personal service industries
- Sale of property and the depreciation recapture rules
- Capitalizing "repairs" that could have been written off
- Advanced depreciation issues, corporate liquidation, §754 basis adjustments, transfer to/from trusts, tax-deferred exchanges, personal property converted to business property, and more!