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NSTP

THE FEDERAL TAX ALERT

ADDRESS ALL COMMENTS TO EDITOR@NSTP.ORG

FROM THE BENCH

LOVING V. IRS

On September 24, 2013, the U.S. Court of Appeals (consisting of a three-judge panel) heard arguments from both the Internal Revenue Service and the attorneys for Loving, et al regarding the authority of the IRS to regulate tax return preparers. This is the first time the case had been heard in open court; up to this point the arguments had been exchanged via legal briefs. The IRS argument is based on the Horse Act of 1884 (see page 11 for information), identifying agents who had represented Civil War soldiers who were suing the government about dead or missing horses.

According to Dan Alban, lead attorney from the Institute for Justice, "I don't think the court was very convinced by the argument that the IRS was trying to present, that somehow the fact that the original 1884 language used the word 'agent,' along with 'attorney, agent and other persons,' that that meant there were people who had a non-agency relationship, meaning they acted outside of an agency relationship, that they were covered by the statute," he said. "The term 'agent' in the 1884 statute was in reference to the profession of a 'claim agent.' It was talking about attorneys, claim agents and other persons who were representing these soldiers who had these claims for lost horses, and so it wasn't any statement about whether or not these representatives had an agency relationship with the soldiers they were representing. They clearly did. Clearly they were acting as agents because they were their representatives and they were the ones appearing before the Department of Treasury to argue for their claims, much in the same way that today attorneys, CPAs and enrolled agents appear in front of the IRS to argue in tax appeals and other disputes about tax liability. That's what Section 330 allows the IRS and the Department of Treasury to regulate. And Section 330 does not cover tax return preparers who do not engage in that sort of representation."

The appeals court is not expected to rule for several months on this case. While there was some sentiment that the IRS did not present its case effectively, the judges gave no clear sign of how they will rule.

IN THE NEWS

PROPOSED REGULATIONS: INCREASED FEES FOR INSTALLMENT AGREEMENTS AND OFFERS-IN-COMPROMISE

On August 29, 2013, the IRS issued proposed regulations that would increase the user fee for entering into an offer-in-compromise and some fees for entering into, restructuring or reinstating an installment agreement. The new fees will apply starting **January 1, 2014**.

The current fee for *entering into* an installment agreement is **$105**. However, it is only **$52** for a direct debit installment agreement under which the taxpayer authorizes the IRS to debit the payments monthly from the taxpayer's bank account, and only **$43** for low-income taxpayers regardless of their method of payment. The current charge for *restructuring or reinstating* an installment agreement that is in default is **$45**. These fees have been in effect since 2007. IRS recently completed a review of the installment agreement program and determined that the actual costs of administering the agreements were well in excess of these amounts.

The IRS has proposed

FROM THE EDITOR

As the 2012 tax season finally comes to an end, we are already thinking about the tax season to come. Have you picked the tax software that you plan to use or are you still researching? At the IRS Tax Forums this year there were new vendors in this area and a silent absence of past tax partners. The Tax Forums continue to provide valuable information regarding trends at the IRS, presentations from partner organizations including the NSTP, and education regarding upcoming tax provisions. Unfortunately, due to budgetary constraints at the IRS, the popular Case Resolution Room and EServices Center were both absent at this year's Tax Forum. The NSTP Fall Update Seminars, starting the last week in October, will supplement the education provided at the Tax Forums with additional information and comprehensive examples that can be used in your tax practice. There is also an opportunity to network with your colleagues and share information on local issues, tax software, and other tax provisions. The NSTP instructors: Paul LaMonaca, Nina Tross, Barry Iacono, C.J. Wade, and newcomer Isaac McRae are all looking forward to our annual meet up with members and guests at the Fall Update Seminars.

Through the newsletter, the NSTP website, and the weekly update email we have been providing information regarding the Affordable Care Act (ACA). Implementation of the ACA actually began several years ago; however, an historic change to how we purchase health insurance coverage began on October 1st. Those individuals already covered by health insurance are essentially not affected by the ACA as it is intended to provide health insurance coverage for the millions of uninsured Americans. If you are unsure how the ACA affects you, Healthcare.gov is the place to start.

As we write this edition of the FTA, the U.S. Congress has reached an impasse on the budget negotiations. Since a budget was not approved by October 1st, the federal government has shut down all non-essential departments and furloughed approximately 800,000 employees. This includes many departments within the IRS. Areas affected include the processing of refunds, telephone support services, and walk-in service centers. However, all tax returns were due to be filed and payments made per the tax filing schedules. Hopefully, as this issue hits your desk, Congress will have reconciled on a new budget and all government services will have resumed.

The U.S. Court of Appeals heard arguments on September 24, 2013 regarding the authority of the IRS to regulate practitioners in Loving v. IRS. Read about the Horse Act of 1884, in our tax trivia column on page 11, which is the basis for the government's argument.

Other topics covered in this month's Federal Tax Alert include the continuing series on divorced and separated taxpayers (see page 3), the inconsistent treatment of Form 8082 regarding information provided from pass-through entities (see page **), increased fees for installment payment agreements and offer in compromise applications (see page 1) and the follow-up to the series on Basis covering Disposition of Assets on page 5.

We encourage your letters, comments, insights to articles included in the Federal Tax Alert, the NSTP website, the weekly update emails or other tax issues affecting your practice. Please send your comments to Editor@NSTP.org.

Nina Tross, MBA, EA, RTRP

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NSTP CALENDAR

Our annual Fall Update Seminars have been scheduled for 2013. Visit our website at NSTP.org and select the tab for the Federal Tax Update Seminars for a complete listing of seminars with hotel information as well as registration details.

Following is a listing of upcoming special seminars and educational opportunities. For additional information visit our website at NSTP.org for meeting agendas, hotel locations, and registration information.

October 2013:

October 29 – 30, 2013: 2013 Fall Update, Casper WY; co-sponsored with the Wyoming Association of Public Accountants

December 2013:

December 4 – 5, 2013: 2013 Fall Update, Dayton, OH: co-sponsored with the Professional Tax Preparers of Ohio (PTP of Ohio)

December 5 – 6, 2013: 2013 Fall Update, Natchitoches LA: co-sponsored with Waskom, Brown & Associates

December 9 – 10, 2013: 2013 Fall Update, Springfield VA; co-sponsored with the Virginia Society of Enrolled Agents

December 16 – 17, 2013: 2013 Fall Update, Williamsburg VA; co-sponsored with the Virginia Society of Enrolled Agents

January 2014:

January 6 – 7, 2014: 2013 Fall Update, Las Vegas NV

June 2014:

June 25 – 27, 2014: 14th Annual Summer Special Topics, Williamsburg, VA

July 2014:

July 21 – 23, 2014: 2nd Annual West Coast Special Topics, Napa Valley, CA

NOTICE

TAX HOTLINE

Monday, Wednesday & Friday

9:00AM - 2:00PM Pacific

10:00AM - 3:00PM Mountain

11:00AM - 4:00PM Central

12:00PM - 5:00PM Eastern

DIRECT LINE

360-695-0556

Technical Tax advice provided by NSTP Hotline staff is based upon specific information conveyed by the member. Members should take special care in relying upon recommendations and opinions that reflect the understanding of the Hotline staff member. NSTP and the Hotline staff are not responsible for misapplication of information given. Members are responsible for the utimate verification and application of any information provided by NSTP.

new installment fee amounts. The proposal would *increase* the fee for *entering into* a regular installment agreement to **$120** on or after January 1, 2014. The fees for direct debit installment agreements by low-income taxpayers would remain unchanged at $52 and $43, respectively. The fee for *restructuring or reinstating* an installment agreement would *increase* to **$50** on or after January 1, 2014.

The IRS reports that the new fees are needed to recover the costs incurred with the goals of encouraging use of installment agreements in general and direct debit installment agreements in particular, since the latter are more likely to be successfully completed.

For purposes of the offer-in-compromise user fee the IRS has authority under §7122 to accept an offer to compromise a civil or criminal case if there is doubt as to liability, doubt as to collectability, or if acceptance promotes effective tax administration. Since 2003, IRS has charged **$150** for processing an offer in compromise. However, there is no fee charged if an offer is based solely on doubt as to liability or is made by a low-income taxpayer. The IRS has determined that the full cost of an offer in compromise, including examination of the taxpayer's financial position, processing of payments, and monitoring compliance is **$2,718**.

IRS stated that this proposed fee is needed to recover their costs with the goal of encouraging offers in compromise. As a result, the Service has proposed a new compromise fee of **$186**. Taxpayers making offers based solely on doubt as to liability will continue to pay no fee.

For more details see Prop. Reg. §300.1, Prop. Reg. §300.2 and Prop. Reg. §300.3.

PRACTICE MANAGEMENT

FEDERAL INCOME TAX ISSUES OF DIVORCED AND SEPARATED TAXPAYERS: PART III, CONCERNS OF MARRIED TAXPAYERS FILING SEPARATELY

In last month's FTA we continued our series on the Introduction to Federal Income Tax Issues of Divorced and Separated Taxpayers and in that article we detailed the issues pertaining to: "Filing Status: Responsibilities, Rights and Obligations of Filing a Joint Return With a Spouse." In this month's FTA we attack the "Issues and Concerns of Married Taxpayers Filing Separately." In last month's FTA we stated that a taxpayers' filing status is used in order to determine many things. First of all it determines whether or not the taxpayer has a federal income tax return filing requirement. In addition it dictates the standard deduction amount and it impacts the threshold amounts for various Internal Revenue Code provisions which are affected by adjusted gross income or modified adjusted gross income, and most importantly it determines the correct tax liability. If married spouses file separate tax returns, then they should each report *only* their own income, exemptions, deductions and credits on their own individual return. If the taxpayer lives in a community property state and files a separate return, then the taxpayer's income may be separate income or community income for federal income tax purposes depending on the specific state law.

If married spouses file separate returns then they are only responsible for the tax due on their own individual return. In addition, if married spouses file separate returns

IF you paid...	AND you...	THEN you can deduct on your separate federal return...
Medical Expenses	paid with funds deposited in a joint checking account in which you and your spouse have an equal interest	half of the total medical expenses, subject to AGI limitations, *unless* you can show that you alone paid the expenses
State Income Tax	file a separate state income tax return	the state income tax you alone paid during the year.
	file a joint state income tax return and you and your spouse are jointly and individually liable for the full amount of the state income tax	the smaller of: • the state income tax you alone paid during the year, or • the total state income tax you and your spouse paid during the year multiplied by the following fraction: The *numerator* is **your** gross income and the *denominator* is your **combined** gross income.
Property Tax	paid the tax on property held as tenants by the entirety	the property tax you alone paid.
Mortgage Interest	paid the interest on a qualified home held as tenants by the entirety	the mortgage interest you alone paid.
Casualty Loss	have a casualty loss on a home you own as tenants by the entirety	half of the loss, subject to the AGI deduction limits. Neither spouse may report the total casualty loss.

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and one of them *elects* to itemize their deductions on **Schedule A**, then the other spouse **must** also report itemized deductions on **Schedule A** and cannot use the standard deduction. The separate tax returns will claim the itemized deductions that were paid separately by each spouse or jointly with the other spouse. The IRS Table provided in **Pub. 504** (provided on page 3) shows the itemized deductions that can be claimed on a married separate return whether paid separately or jointly. Community property states have different rules and will be reviewed in a later series. When spouses file separate income tax returns they are separately liable for their own tax. In most cases the total federal income tax of the two separate returns will be greater than the liability on a joint return for some or all of the following issues:

§1 tax rates generally will be higher than on a joint return,

§21 credit for child and dependent care expenses cannot be taken in most cases,

§23 credit for adoption expenses and **§137** employer adoption exclusion cannot be taken in most instances,

§24 child tax credit income limits are reduced,

§25A credit for higher education expense is reduced (American Opportunity and Lifetime Learning Credits),

§25B retirement savings contributions credit is half of the limits for a joint return,

§32 earned income credit cannot be taken,

§55(d) exemption amounts for calculating the alternative minimum tax will be half of the amount allowed on a joint return,

§63 basic standard deduction is half of the amount allowed on a joint return,

§135 exclusion for the interest from qualified savings bonds used for qualified higher education expenses cannot be taken,

§221 deduction for student loan interest cannot be taken,

§222 the tuition and fees deduction cannot be taken, and

§1211(b) Capital loss deduction limitation on **Schedule D** is $1,500 (instead of $3,000 on a joint return).

If the taxpayer lived with the spouse at any time during the tax year then the taxpayer cannot claim the **§22** credit for the elderly or the disabled on IRS **Schedule R**. Under **§86**, Social Security or railroad benefits received, the separate returns will have to include the maximum inclusion of 85% of the benefits received in gross income.

In addition, the married taxpayers also need to be alerted as to the issues surrounding the filing of a return under one status and the rights to **change** that status at a later time. Tax Professionals must be aware of the issues dealing with the filing of a joint return after separate returns. If either spouse files a separate return, then they generally can change to a joint return within 3 years from the date (not including extensions) the separate return or returns were filed. This applies to a return either spouse filed claiming married filing separately, single, or head of household filing status. The taxpayers must use **Form 1040X** to change the filing status. After the due date of the returns, neither spouse can file separate returns if a joint return was previously filed.

In next month's FTA we will address the issues concerning the "Determination and Issues of the Filing Status of Head of Household."

ET CETERA

A TIMELY TIP FROM ENNIS T. PEA

If an error is discovered after filing a tax return, it can be corrected by amending the return.

Here are 10 tips from the Internal Revenue Service about amending the federal tax return:

1. **When to amend a return**. An amended return should be filed if needed to correct filing status, number of dependents, total income, tax deductions or tax credits. The instructions for Form 1040X, Amended U.S. Individual Income Tax Return, list additional reasons to amend a return.

2. **When NOT to amend a return**. In some cases, you may not need to amend the tax return. For example, the IRS usually corrects math errors when processing the original return. If a required form or schedule was not included with the return, the IRS will send a request for whatever is missing.

3. **Form to use**. Use Form 1040X to amend a previously filed Form 1040, 1040A, 1040EZ, 1040NR or 1040NR-EZ. Make sure to check the box to show the tax year that is being amended on the Form 1040X. An amended return cannot be electronically filed; it must be filed as a paper return.

4. **Multiple amended returns**. If filing an amended return for more than one year, prepare a separate 1040X for each return. *Mail them in separate envelopes to the appropriate IRS processing center.*

5. **Form 1040X**. Form 1040X has three columns. Column A shows figures from the original return. Column B shows the changes you are making. Column C shows the corrected figures. There is also an area on the second page of the form to explain the specific changes and the reasons for the changes.

6. **Other forms or schedules**. If the changes involve other tax schedules or forms, attach them to the Form 1040X. Failure to do this will cause a delay in processing.

7. **Amending to claim** an additional refund. If the taxpayer is expecting a refund from the original tax return, do not file the amended return until after the refund has been received. You may cash the refund

check from the original return. The IRS will send any additional refund owed after processing the amended return.

8. **Amending to pay additional tax**. If the taxpayer is filing an amended tax return because of additional tax due, then file Form 1040X and pay the tax as soon as possible to limit any interest and penalty charges.

9. **When to file**. To claim a refund, you generally must file Form 1040X within three years from the date the original tax return was filed or within two years from the date the tax was paid, whichever is later.

10. **Processing time**. Normal processing time for amended returns is 8 to 12 weeks.

PRACTICE MANAGEMENT

EMPLOYMENT ISSUES OF AN S-CORPORATION SHAREHOLDER

Tax Professionals are constantly dealing with clients who are under the belief that a Subchapter S Corporation is the pathway to not paying Medicare and Social Security taxes.

However, Subchapter S Corporation shareholders who are actively involved in the daily operations of the business are subject to the employment provisions of the Code. The employer should pay a reasonable salary and withhold income taxes, Social Security and Medicare and pay the required employer matching. The shareholder-employee salaries are also included for purpose of FUTA and SUTA. Unreasonably low wages relative to services provided can be challenged by the Service, causing the excess profits to be re-characterized as wages and subject to additional Social Security and Medicare taxes. In addition there will be interest assessed as well as penalties for failure to pay and failure to file employment tax returns.

Section 3121 provides that wages are defined as all remuneration for employment and **§3121(d)** provides a definition of employee to include any officer of a corporation. An *exception* to the employee status is allowed for an officer who performs no services or only minor services to the corporation under **§31.3121(d)-1(b)**

Establishing reasonable compensation is a must for the shareholder-employees. In order for compensation to be deductible, it must be reasonable for the services actually rendered. The Code specifically empowers the IRS to reallocate an S corporation's income in family income-splitting situations. **§1366(e)** provides that a member of an S corporation shareholder's family must receive reasonable compensation for services rendered or capital furnished to the corporation. This provision applies to family members whether or not they own shares in the corporation. Under these rules, the Service can adjust income to reflect reasonable compensation for services rendered or capital furnished to the corporation. In addition, rent and interest payments to shareholders or family members could be reallocated by the IRS if ruled unreasonably high. There is no definition for reasonable compensation. Each situation must be resolved based on its unique facts and circumstances.

Several Tax Court decisions have focused on the following factors:

- The character and financial condition of the corporation;
- The role the shareholder-employee plays in the corporation, including position, hours worked and duties;
- The corporation's compensation policy for all employees and the shareholder's salary history, including the internal consistency in establishing the shareholder's salary;
- How the compensation compares with similarly situated employees of other companies;
- Whether a hypothetical, independent investor would conclude that there is an adequate return on investment after considering the shareholder-employee's compensation,
- The shareholder-employee's qualifications;
- The size and complexity of the business;
- A comparison of salaries paid in relation to sales and net income;
- General and specific economic conditions of the country, geographic area and the industry;
- Salaries versus distributions and retained earnings;
- Compensation paid in prior years;
- The corporation's earning and distribution history;
- Whether employee and employer dealt at arm's length; and
- Whether employee guaranteed employer's debt.

No single factor controls, but rather a combination of the factors must be considered. Furthermore, these factors are not all-inclusive (and may not be given equal weight).

The Service has a particular interest in those Subchapter S Corporations where there is no salary paid to the shareholder-employee, especially where there is a 100% shareholder and/or where the entity was a sole-proprietorship in prior periods before the incorporation and Subchapter S filing status took place.

It is recommended that the factors noted above be reviewed with the shareholder-employees before the first **Form 1120-S** is ever filed.

FROM THE HOTLINE CORNER

DISPOSITION OF ASSETS – PART I

In previous Federal Tax Alerts we have discussed determining the basis of assets under several situations. One of the prime uses of basis occurs when an asset is disposed of in some manner such as a sale, trade or abandonment. Questions posed to our hotline include not only questions about the results of dispositions, but concerns about the various characteristics of dispositions.

As outlined in **PUB 544, "Sales and Other Disposition of Assets"**, the dispositions can be through sales, exchanges, foreclosures, repossessions, involuntary conversions, condemnations, non-taxable exchanges, and spousal transfers. These assets may be personal use assets, business assets, or investment assets. With this issue of the **Federal Tax Alert** we will begin a journey through this forest of possible dispositions with an eye toward any dangers that may be lurking therein. In this part of our discussion we will address identifying the various definitions of terms and situations covering the disposition of assets. Later, we will dig deeper into the specifics.

Generally speaking, a disposition can be any of the following:

- The sale of property,
- The exchange of property for other property,
- The disposal of property due to condemnation or threat of condemnation,
- The repossession of property,
- The gift of property, and
- The destruction or theft of property.

For purposes of this dissertation we mean "assets" when we say "property". According to Wikipedia - "In financial accounting, an asset is an economic resource. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset." That introduces the need to identify the "types" of asset subject to disposition:

- Personal – Homes (both principal and secondary), automobiles, jewelry and other valuables.
- Investment – Stocks, bonds, real estate and other property held primarily for appreciation.
- Business – Assets held in a trade or business for the production of income.
- Hybrid – Ownership in other legal entities for either appreciation or production of income such as "pass-through entities (partnerships, Sub-chapter S corporations and trusts).

Issues then arise as to the taxation of the disposition and we encounter such terms as "realized"; "recognized"; "deferred"; "fair market value" and even "non-taxable". Let's begin by reviewing the meaning of each of these terms in their normal context.

Realized. The amount realized from a sale or exchange is the total of all money received, plus the fair market value (FMV) of all property or services received in the transaction. It also includes any liabilities on the property sold that were assumed by the buyer.

Recognized. The amount of gain or loss on a disposition which is subject to income taxation is known as the amount recognized. It will not always be the amount realized.

Deferred. This usually refers to any amount which will be recognized as taxable at some future date, depending on the passage of time or the occurrence (or non-occurrence) of some future event.

Fair Market Value (FMV). This is the price at which the property would change hands between a buyer and a seller when both have reasonable knowledge of all the necessary facts and neither is being forced to buy or sell. If parties with adverse interests place a value on property in an arm's-length transaction it would be a strong indication of the fair market value. If the transaction relates to the performance of services at a stated price, this can be considered strong evidence of fair market value.

Non-Taxable. A transaction may have amounts realized and amounts that would normally be recognized, but due to some over-riding nature are not subject to taxation. An example would be the loss on the sale of a personal use asset.

Our journey will emphasize reporting of these transactions by individuals, but when appropriate will include reporting by corporations and pass-through entities. The transactions will be reported on one or more of the following forms:

- **Form Schedule D**
- **Form 4797 – Sales of Business Property**
- **Form 4864 – Casualty Losses**
- **Form 6252 – Installment Sales**
- **Form 8824 – Like-Kind Exchanges**
- **Form 8949 - Sales and Other Disposition of Capital Assets**

To aid you, as a tax professional, to avail yourself of key reference materials you should arm yourself with the instructions for each of the above as well as:

- **PUB 523 – Selling Your Home**
- **PUB 537 – Installment Sales**
- **PUB 544 – Sales and Other Disposition of Assets**
- **PUB 550 – Investment Income and Expenses**
- **PUB 551 – Basis of Assets**
- **PUB 908 - Bankruptcy Tax Guide**
- **PUB 4681 Cancelled Debts, Foreclosures, Repossessions, and Abandonments**

Sales and Exchanges. A sale is a transfer of property for money or a mortgage, note or other promise to pay money. This could also involve agreements which purport to be leases, but which are, in fact, conditional sales contracts. There are no tests to actually prove what the intent of the parties were when the agreement was made. An exchange is a transfer of property for other property or services. The following is a discussion of sales and exchanges of property in general. We will delve into treatment of disposition of different types of assets later.

Gain or Loss from Sales and Exchanges. There is usually a gain or loss realized when property is sold or exchanged. The gain realized is the amount received (including the fair market value of any property or services) from a sale or exchange which exceeds the adjusted basis of the property surrendered. We addressed the issues regarding adjusted basis in prior articles.

Example. Fred owned a building he used in his business which originally cost him $100,000. Over the years he had made $20,000 of improvements. The depreciation deductions accumulated prior to the sale totaled $16,000. On July 1st he sold the building for $140,000 plus other property with a fair market value of $15,000. Fred had a mortgage on the building totaling $22,000, which was assumed by the buyer. Fred's selling expenses were $2,000. The gain on the sale was $71,000, figured as follows:

Amount realized:	
Cash	$140,000
FMV of property received	15,000
Mortgage assumed by buyer	22,000
Total	177,000
Less selling expenses	(2,000)
	$175,000
Adjusted basis:	
Original cost of building	$100,000
Improvements	20,000
Total	120,000
Minus depreciation	(16,000)
Adjusted basis	104,000
Gain on sale	$71,000

Bargain Sale. If property is sold or exchanged for less than fair market value with the intent of making a gift, then the transaction is treated as partly an exchange and partly a gift. There is a gain if the amount realized is more than its adjusted basis; however, if the basis exceeds the amount realized, the loss is not recognized. An exception exists if the sale was to a charitable organization and the difference is considered a charitable contribution. If the contribution is allowable, the adjusted basis must be allocated between the part sold and the part contributed based on the fair market value of each.

Sale of mixed use property. The sale of mixed use (partly business or rental and partly personal use) will generally require reporting as though two properties were sold and will create a gain or loss on the sale of each. First, subtract the depreciation allowed or allowable on the business or rental part, then allocate the sales price between the two properties. If the personal use was as a principal residence, other rules apply. If the portion used for business or rental is within the same dwelling unit, then the entire property is treated under the principal residence rules and gain is applied against **IRC §121** with the amount of depreciation allowed or allowable is recognized to the extent of depreciation taken.

Abandonments. The abandonment of property is a disposition of property. Abandonment occurs when there is voluntary and permanent surrender of possession and use of property with the intention of ending ownership, but without officially transferring it to others. Generally, abandonment is not treated as a sale or exchange unless it involves a depreciable asset. The abandonment of non-depreciable business property which had been capitalized (such as inventory) will become an ordinary loss when it is no longer counted in inventory. If the abandoned property is secured by debt, special rules apply.

Foreclosures and Repossessions. Failure to make payments on debt secured by property could result in foreclosure or repossession of the property, which is treated as a sale or exchange. A gain or loss may be realized even if the property is voluntarily surrendered to the lender. The cancellation of debt that could arise from the transaction would trigger ordinary income. These rules were discussed in a previous article on the **"Cancellation of Debt"** rules. **PUB 4681** provides guidance in these matters.

Involuntary Conversions. Involuntary conversion occurs when property is destroyed, stolen, condemned, or disposed of under the threat of condemnation. Whether or not money or other property is received (such as insurance or condemnation award) a taxable situation may be created. Loss of property held for personal use generally will not be deductible unless the loss resulted from a casualty or theft. If property is received within the specified period that is similar or related in service or use to the property involuntarily lost, there is no requirement to report the transaction. The basis in the new property is the same as the basis in the old property. The specified period is defined as two years after the close of the first taxable year in which any part of the gain upon the conversion is realized.

Condemnations. A condemnation is the process by which private property of legally taken for public use without the owner's consent. The property may be taken by the federal government, a state government, a political subdivision, or a private organization that has the power to legally take it. The owner receives a condemnation award (money or property) in exchange for the property surrendered. A condemnation resembles a forced sale, with the owner being the seller and the condemning authority being the buyer.

A **"threat of condemnation"** exists if a representative of a government agency or a public official authorized to acquire property for public use informs the owner that the government agency has decided to acquire the property. There must be reasonable grounds to believe that, if the property is not sold voluntarily to the government agency involved, the property will be condemned. This situation could also apply if the property is sold by the owner to a third party (other than the government agency), if that third party knows at the time of purchase that it will be condemned and then sells it to the condemning authority.

A **"threat of condemnation"** also exists if a report in the media (newspaper, television, radio, etc.) reports the possibility of condemnation and that report is confirmed by a representative of the governmental agency involved. Mere oral statements by a governmental official would best be backed up by written confirmations to adequately establish that the threat exists. Voluntary sale of **"related property"** could be treated as a forced sale under the involuntary conversion rules if the property had a substantial economic relationship to other property being condemned.

Casualty. A casualty is the damage, destruction, or loss of property resulting from an identifiable event that is sudden, unexpected or unusual. Guidance for the treatment of and reporting of casualties may be found in **PUB 547**. They are events which, by nature, are swift, not gradual or progressive. They are unsuspected in that they are not ordinarily anticipated or intended. They are unusual in that they are not day-to-day occurrences and are not typical of the normal activities of the victim. Deductible casualty losses include:

- Automobile accidents
- Earthquakes
- Fires
- Floods
- Mine cave-ins
- Shipwrecks
- Sonic booms
- Storms, such as hurricanes and tornadoes
- Terrorist attacks
- Vandalism
- Volcanic eruptions

The loss of property due to progressive deterioration is not considered a casualty for tax purposes because is not sudden.

Theft. A theft occurs when money or property is taken or removed with the intent to deprive the owner of it. It must be illegal under the law of the state where it occurred and it must have been done with criminal intent. Included in the category of theft is:

- Blackmail
- Burglary
- Embezzlement
- Extortion
- Kidnapping for ransom
- Larceny
- Robbery

The taking of money or property through fraud or misrepresentation is theft if it is illegal under state or local law.

Loss on Deposits. This can occur when a bank, credit union, or other financial institution becomes insolvent or bankrupt. These losses can be deducted as a casualty loss, an ordinary loss, or as a nonbusiness bad debt. They will be discussed in more detail in an article on **Itemized Deductions** (in a future issue of the FTA).

Nontaxable Exchanges. These involve exchanges (not sales) which gain or loss is not currently recognized, but is, in fact, deferred until the property acquired is later sold in a taxable transaction.

Like-Kind Exchanges. The most common kind of nontaxable exchange is the exchange of property for the same kind of property. To qualify, both the property surrendered and the property acquired must be qualifying property and like-kind property.

Qualifying property must be held for investment or for the productive use in a trade or business. The rules for like-kind exchanges do not apply to exchanges of the following property:

- Personal use property,
- Stock in trade or other property held primarily for sale such as inventories, raw materials, and real estate held by dealers,
- Stocks, bonds, notes, or other securities or evidences of indebtedness, such as accounts receivable,
- Partnership interests,
- Certificates of trust or beneficial interest, and
- Choses in action, such as a lawsuit in which the taxpayer is a plaintiff.

If the exchange is not of qualified property, it may qualify under the nontaxable rules discussed in a future issue of the FTA.

Like-Kind property is property of the same nature or character, even if it differs in grade or quality. The exchanges of real estate for real estate or the exchange of personal property for similar personal property are examples of common like-kind exchanges. However, the exchange of personal property for real estate does not qualify. It should be noted that exchange of real property located in the United States with real property located in a foreign country DOES NOT QUALIFY as like-kind.

Depreciable tangible personal property can be either "like-kind" or "like-class" to qualify for non-recognition treatment. Like-class properties are depreciable tangible personal properties with the same General Asset Class or Product Class. More information on their definition is located in **PUB 544**.

The like-kind exchange doesn't have to occur simultaneously. In a deferred exchange the replacement property is received at a later date. Many rules apply and "safe-harbors" should be followed according to **PUB 544**. If, in addition to the like-kind property, money or unlike property is received in the exchange, it becomes partially taxable.

Like-kind exchanges between related persons. Like-kind exchanges between related parties invoke special rules. These rules affect both direct and indirect exchanges. Under these rules, if either person disposes of the property within 2 years after the exchange, the exchange is disqualified from non-recognition treatment. The gain or loss must be recognized as of the date of the later disposition. Following is a list of related parties:

1. Members of a family, including

only brothers, sisters, half-brothers, half-sisters, spouse, ancestors and lineal descendants.

2. An individual and a corporation if the individual directly or indirectly owns more than 50% in value of the outstanding stock of the corporation.

3. Two corporations that are members of the same controlled group as defined in **§267(f)** of the Internal Revenue Code.

4. A trust beneficiary and a corporation if the trust or the grantor of the trust directly or indirectly owns more than 50% in value of the outstanding stock of the corporation.

5. A grantor and fiduciary, and the fiduciary and beneficiary, of any trust.

6. Fiduciaries of two different trusts, and the fiduciary and beneficiary of two different trusts, if the same person is the grantor of both trusts.

7. A tax-exempt educational or charitable organization and a person who directly or indirectly controls the organization, or a member of that person's family.

8. A corporation and a partnership if the same persons own more than 50% in value of the outstanding stock of the corporation and more than 50% of the capital interest or profits interest in the partnership.

9. Two Subchapter S Corporations if the same persons own more than 50% in value of the outstanding stock of each corporation.

10. Two corporations, one of which is an S corporation, if the same persons own more than 50% in value of each corporation.

11. An executor and a beneficiary of an estate unless the sale or exchange is in satisfaction of a monetary bequest.

12. Two partnerships if the same persons directly or indirectly own more than 50% of the capital interests or profits in both partnerships.

13. A person and a partnership if the person directly or indirectly owns more than 50% of the capital interest or profits interest in the partnership.

Per **§267(f)** of the Internal Revenue Code, losses on transactions between members of the same controlled group described in (3) earlier are deferred rather than denied. Also, the nondeductible loss rule does not apply to a sale or exchange of an interest in the partnership between the related persons described in (12) or (13) above.

Disposition of an Entire Business. Many times we, as tax professionals, are asked to deal with the sale of an entire business. In these situations, both the buyer and the seller are required to report the sale as an **"Applicable Asset Acquisition Statement"** under **§1060**, using **Form 8594**. The sale of a business is not usually the sale of a single asset, but rather a group of assets owned by the "business entity". This can include tangible and intangible assets. Each individual asset should be treated separately for gain or loss purposes. They can be capital assets, depreciable property used in the business or property held for sale to customers, such as inventory or stock in trade. The goodwill or going concern value of the business, while not necessarily shown on the books of the business, is an intangible asset and must also be considered. The gain or loss on each asset is figured separately. The sale of capital assets results in capital gain or loss. The sale of real property or depreciable property used in the business and held longer than one year results in gain or loss from a **§1231** transaction (which we will discuss later). The sale of inventory or stock in trade results in ordinary income or loss.

A dilemma occurs due to the adverse interests of the buyer and seller and the tendency of drafters of sales agreements to keep them vague on valuation of the individual items being sold. The buyer's consideration is the cost of the assets acquired, while the seller's consideration is the amount realized (money plus the fair market value) from the sale of the business.

Any transfer of a group of assets that constitutes a trade or business for either the buyer or seller is governed by **§1060** and must be disclosed using the **"residual method"**. A group of assets constitutes a trade or business if either of the following applies:

- Goodwill or going concern value could, under any circumstances, attach to them.

- The use of the assets would constitute an active trade or business under **§355** of the **IRC**.

The residual method provides for the consideration to be reduced first by the amount of Class I assets (defined below). The consideration remaining after this reduction must be allocated among the various business assets in a certain order. The amount allocated to an asset, other than a Class VII asset, cannot exceed its fair market value on the purchase date. The amount allocated to an asset also is subject to any applicable limits under the Internal Revenue Code or general principles of tax law. The following definitions are the classifications determined by the IRS to apply under **§1060** and are applied in the same order:

- **Class I** – These assets are cash and general deposit accounts (including checking and savings accounts, but excluding certificates of deposit).

- **Class II** – These are certificates of deposit, U.S. Government securities, foreign currency, and actively traded personal property, including stock and securities.

- **Class III** – Accounts receivable, other debt instruments, and assets that are marked to market at least annually for federal income tax purposes. There are exceptions that could apply, according to **§1.338-6** of the regulations.

- **Class IV** – These assets are property of a kind that would properly be included in inventory if on hand at the end of the tax year, or property held by the taxpayer primarily for sale to customers in the ordinary course of business.

• **Class V** – This class includes furniture and fixtures, buildings, land, vehicles, and equipment which constitute all or part of a trade or business, and any assets which do not fall into any of the other 6 classes.

• **Class VI** – These are intangible assets define in **§197**, other than goodwill or going concern value.

• **Class VII** – This class contains values assigned to goodwill and going concern.

If an asset described in one of the classifications described above can be included in more than one class, it should be included in the lower numbered class.

Hopefully, the buyer and seller have entered into a binding agreement which has allocated the classification of the assets into the appropriate class. As tax professionals, we should be consulted early on to lobby for proper classification and detailed values. Any agreement by the buyer and seller is subject to reallocation by the Internal Revenue Service if the amounts are not appropriately classified.

As mentioned earlier, both the buyer and seller involved in the sale of substantially all of a business must report the sale on **Form 8594, "Asset Acquisition Statement Under Section 1060"**. The form identifies both buyer and seller with the tax identifying number of each. Also required are details of the purchase of a license or covenant not to compete, or enter into a lease agreement, employment contract, management contract, or similar arrangement with the seller (or its managers, directors, owners or employees). Details of any such agreement must also be attached to the form, which in turn should be attached to the tax returns of both buyer and seller.

The special rules regarding the sale of partnership interests will be discussed in a separate article, as will corporate liquidations. The sale of corporate stock will be addressed later when we consider disposition of portfolio assets.

Dispositions of Intangible Property. Intangible property is any personal property that has value, but cannot be seen or touched. The gain or loss of these assets, if held longer than one year, is usually the disposition of a **§1231** asset which will be discussed in a future article.

§197 defines certain intangible assets acquired after August 10, 1993 (or after July 25, 1991 under certain circumstances) and held in connection with a trade or business or an activity entered into for profit. Their cost must be amortized over 15 years. More details on these can be bound in **PUB 535**. Included in this category are:

• Goodwill,

• Going concern value,

• Workforce in place,

• Business books and records, operating systems, client or customer lists, and other information bases,

• Patents, copyrights, formulas, processes, recipes, designs, patterns, specific know-how, formats and similar items,

• Customer or supplier based intangibles,

• Licenses, permits and other such rights granted by a governmental agency or unit,

• Covenants not to compete entered into in connection with the acquisition of a business, and

•Franchises, trademarks, logos and trade names.

It is interesting to note that a covenant not to compete may be for a period of less than 15 years, but is nevertheless required to be amortized over 15 years unless the entire business is the subject of a complete disposition.

The transfer of a patent by an individual is treated as the sale or exchange of a capital asset held longer than one year. This applies even if the payments for the patent are made periodically during the transferee's use or are contingent on the productivity, use, or disposition of the patent.

The transfer or renewal of a franchise, trademark, or trade name for a price contingent on its productivity, use, or disposition is generally treated as an amount realized from the sale of a noncapital asset. A franchise includes an agreement that gives one of the parties the right to distribute sell, or provide goods, services, or facilities within a specified area. If, however, any significant power, right, or continuing interest is retained, the amount received is ordinary royalty income rather than income from a sale or exchange.

Subdivision of Land. Land is usually considered a capital asset. However, when it is subdivided its nature can be changed. **§1237** indicates that when land not previously held for sale to customers in the ordinary course of business, and upon which no substantial improvements have been made, is subdivided then a subsequent sale will be governed by the Code Section. If the land has been held by the owner for 5 years, then sale of the first 5 lots will be considered capital gain transactions. However, beginning with the year in which the 6th lot is sold, any gain, up to 5% of the selling price, will be considered ordinary income.

Timber. Timber held as an investment or standing on investment property is normally considered a capital asset. Timber on farmland cut by the farmer and sold is usually considered ordinary farm income. It is possible to elect to treat the cutting of timber as a sale or exchange and report the gain as a **§1231** gain, establishing a basis for subsequent sale as ordinary income. See IRS **Form T** (Timber) and its separate instructions for more information about dispositions of timber.

So much for the general rules and definitions regarding disposition of assets. In our next article we will continue to discuss Code sections governing the tax treatment of sales or exchanges and eventually, the reporting of these transactions.

REMEMBER WHEN

HORSE ACT OF 1884 (OR THE HISTORY OF THE E.A.)

The history of Enrolled Agents dates back to 1884 when Congress authorized the Enabling Act of 1884, also known as the Horse Act of 1884. The Horse Act of 1884 was implemented after the Civil War, when many Americans brought war loss claims against the U.S. government, often for dead or missing horses. A post-war industry had emerged of agents who would file war loss claims for a fee, usually a percentage of the claim collected. Soon, claim values were being fraudulently inflated. It appeared, if one believed the claims, that all horses were either thoroughbreds or show horses. To further distort the matter, there were more claims for horses than there were horses lost during the Civil War. These claims were not just limited to livestock. It seemed as if everything had turned from junk to perfection. Timber used for log cabins became milled black walnut; if it was made of pot metal, it became disguised silver; row boats were turned into yachts; and from there the claims became more and more ridiculous.

In response, Congress recognized a need to regulate individuals representing citizens dealing with the Treasury Department about their claims against the U.S. This act gave the Secretary of the Treasury the authority to regulate who can represent these individuals. President Chester Arthur responded by signing the Act which was known as the Horse Act of 1884. A standard was created consisting of suitability checks, criminal records, and moral character, all of these factors were established along with testing. The people who passed the requirements were known as Enrolled Agents.

Back in the 1880s, you did not have to go to college or even graduate from high school to be a doctor or lawyer. You simply applied to the school of your choice and became a student upon acceptance. Because the standards for practice as an attorney were so lax, that until 1936 the attorneys and CPAs were required to take and pass the Enrolled Agent's exam in order to practice before the IRS. Since 1965, with the strict state guidelines and regulations for members of the legal field and certified public accountants, the Treasury department automatically recognizes members of the Bar and licensed CPAs. Only Enrolled Agents, CPAs and attorneys can represent a taxpayer before the IRS.

Today, Enrolled Agents must pass an examination compiled by the IRS. An interesting note concerning the E.A. exam is that it was originally written by American Society of CPAs.

In 1994, the initials E.A. were finally designated by the Treasury Department as that of Enrolled Agent.

ANNOUNCEMENTS

CLIENT LETTER

Included with this edition of the Federal Tax Alert is the second of three annual client letters the editors will be providing for you to use in your practice. The client letter is also available as a Word document that you can customize with your firm information. Go to the "Member Login" to enter the Members Only Section and select the menu item for Client Newsletters. There, you will find the selection for either the .pdf or Word version of the client letter. These letters are yours to use as either an email or snail mail distribution to your clients. The third letter will be released in early December, in time for you to use as your year-end mailing to clients in preparation for the 2014 tax filing season. (If you do not know your password or login, click on the "Forgot password" link to regain access to the Members Only Section).

FEDERAL TAX ALERT CPE

NSTP now offers one hour of continuing education for readers of the Federal Tax Alert (FTA). This self-study exam consists of five questions regarding the related issue of the FTA. Go to the "Member Login" to enter the Members Only Section and select the menu item for Tax Alert Newsletter. Here you will find the current and past issues of the Federal Tax Alert as well as the corresponding quizzes. Complete the quiz and submit with your payment of $5.00. A score of 70% is required to pass the exam (or 4 out of 5 of the answers must be correct).

HOTLINE HOURS

During the off season the NSTP Hotline staff is available 3 days per week. Starting in January 2014 and for the tax filing season, the Hotline will be staffed 6 days per week. Access to the NSTP Hotline is included with your annual dues and there is never a separate fee for members to access the Hotline. We encourage you to use this valuable member benefit whenever you have questions regarding tax issues, tax forms, notices, practice management, or other challenges that you face in your practice. The Hotline hours and phone number are posted in the Members Only section of the NSTP website.

WEEKLY UPDATE EMAILS

Every week, the NSTP staff releases an email update to the membership regarding the new and ongoing issues affecting our industry and our members. Look for these to be archived on the NSTP website under "News and Information."

FINALLY

The Editors, the staff, and the Board of the NSTP appreciate your continued membership and support of the organization. We welcome your comments, questions and suggestions for future topics, as well as ongoing issues and concerns that you face every day in your practice. Send us an email to Editor@NSTP.org.

REGISTER EARLY!
ENJOY HUGE DISCOUNTS!

REGISTER NOW THROUGH DECEMBER 31, 2013
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Announcing NSTP's
2014 Napa Special Topics
Napa, CA
July 21-23, 2014

Up to 18 CPE Credits Available

The Annual Ethics Session – Monday Morning
"Ethics for the Tax Professional in 2014 and Circular 230 Issues after the Loving Case"
Monday, July 21, 2014 9:00am to 10:40am
2 CPE Credit Hours

The Annual Executive Session – Monday Afternoon
"Introduction and Review of Worker Classification Issues: Independent Contractors vs. Employee"
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Special Topics Workshop
Choose which you would like to attend AM vs. PM
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Session 1: "Introduction to IRS Form 1041 Income Taxation of Estates and Trusts" or
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Tuesday, July 22, 2014 8:00am to 12:00pm
4 CPE Credit Hours Each

Tuesday Afternoon
Session 1: "Introduction to IRS Form 1041 Income Taxation of Estates and Trusts" or
Session 2: "Introduction to Foreign Tax Issues Including ITIN Issues"
Tuesday, July 22, 2014 1:00pm to 5:00pm
4 CPE Credit Hours Each

Wednesday Morning
"Overview of the 2010 Health Care Act: Affordable Care Act" and "Introduction and Review of the Defense of Marriage Act (DOMA) after the Windsor Supreme Court Decision: The Issues, the Opportunities and the Traps"
Wednesday, July 23, 2014 8:00am to 12:00pm
4 CPE Credit Hours

Where: Embassy Suites Napa Valley
1075 California Blvd.
Napa, CA 94559

1-800-EMBASSY (1-800-362-2779)

*Room Rate: *$179.00 per night
*Rate available from July 20-22, 2014
Hotel cutoff date: June 17, 2014
Group Code: **NST** or mention
National Society of Tax Professionals

For additional details or to register online please visit our website at **www.nstp.org**

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Announcing NSTP's
2014 Williamsburg Special Topics
Williamsburg, VA
June 25-27, 2014

Up to 18 CPE Credits Available

The 4th Annual Ethics Session - Wednesday Morning
Ethics for the Tax Professional in 2014 and Circular 230 Issues after the Loving Case
June 25, 2014 9:00am to 10:40am
2 CPE Credit Hours

The 6th Annual Executive Session – Wednesday Afternoon
"Introduction and Review of Worker Classification Issues: Independent Contractors vs. Employee"
June 25, 2014 1:00pm to 5:00pm
4 CPE Credit Hours

Special Topics Workshop – Thursday & Friday
"Federal Income Tax Issues of the 2010 Health Care Act: Affordable", "Introduction and Review of the Defense of Marriage Act (DOMA) after the Windsor Supreme Court Decision: The Issues, the Opportunities and the Traps" and "Introduction and Review of the Differences of Dealing with Innocent Spouse and Injured Spouse Issues"
June 26, 2014 8:00am to 4:45pm
8 CPE Credit Hours

"Discovering and Meeting the Financial and Tax Issues of Retirement Planning"
June 27, 2014 8:00am to 12:00pm
4 CPE Credit Hours

Where: Holiday Inn Patriot
3032 Richmond Road
Williamsburg, VA 23185
757-565-2600

*Room Rate: $74.00 plus 10% state/local tax and $2.00 occupancy tax per room night

For additional details or to register online please visit our website at **www.nstp.org**

TAX NEWS

Fall 2013 TAX CLIENT NEWSLETTER

DEAR CLIENT:

There are many child related tax benefits for which you may qualify depending on your individual tax situation. The most popular child tax benefits are the earned income tax credit (EITC) and the education benefits for which you may qualify. Following is a brief description of the child related tax benefits.

EARNED INCOME TAX CREDIT:

The Earned Income Tax Credit (EITC or EIC) is designed for lower income working families. It is a refundable credit meaning that you receive the amount of the eligible credit regardless of whether you owe taxes or not. The amount of the credit varies depending on your income and how many eligible dependents are claimed on your income tax return. For tax year 2009 through 2017 the amount of the credit is allowed up to three dependents, in 2018 the EITC maxes out with two dependents.

The amount of the earned income credit increases as your income increases until it reaches the income level at which the maximum credit is available. After you hit this income level, then the credit is reduced as your income increases until you hit the maximum income level for your filing status and number of eligible dependents at which point the credit is no longer available. The income level for which benefits start to phase out for married taxpayers is $23,000 and $17,550 for single taxpayers. The EITC is not available for married taxpayers filing separately.

The basic qualifications to claim the EITC include the following:

- Have a valid social security number,
- Not file as "married filing separate,"
- Not file Form 2555 to claim the foreign income exclusion,
- Earn less than $3,200 of investment income,
- Have earned income,
- Not be a qualifying child for another taxpayer, and
- Generally, be a U.S. citizen or resident alien for the entire year.

There are also situations where a taxpayer with no children may qualify for the EITC. You must be between the ages of 25 and 65 to qualify and your income cannot be greater than approximately $12,000

CHILD TAX CREDIT:

This credit is worth up to $1,000 per child under the age of 17, subject to certain criteria. The child must be a dependent of the taxpayer in order to qualify for the child tax credit and there are various other criteria that the child must meet to qualify. There is no limit to the number of eligible children you may claim for this credit. However, there are income limitations for this credit and eligibility starts to phase out when your income exceeds $110,000 for married couples filing jointly, $55,000 if filing separately and $75,000 for other individuals.

If you cannot take full advantage of the child tax credit because the credit is more than the taxes you owe you may receive a payment for some or all of the credit that is not used to offset your taxes. It is a refundable credit, which means you may receive refunds even if you do not owe any taxes.

CHILD AND DEPENDENT CARE CREDIT

If you paid someone to care for your child/dependent or spouse then you may be able to claim the Child and Dependent Care Credit on your tax return. The criteria to be considered when determining if you qualify for this credit include the following:

- Your qualifying child must be younger than age 13,
- The care must be provided so you and your spouse (if married) can work or look for work,
- You and your spouse must have earned income, or be a full-time student, or mentally unable to care for yourself,
- The payments cannot be paid to a family member or to a child who will not be age 19 or older by year end,
- You cannot use the married filing separate filing status,
- The qualifying person must have lived with you for more than half the year (there are exceptions for the birth or death of a child or a child of divorced or separated parents), and
- Any qualifying expenses paid by your employer will reduce the credit available on the tax return.

AMERICAN OPPORTUNITY TAX CREDIT

The American Opportunity Tax Credit (AOTC), which was scheduled to expire at the end of 2012, has been extended through December 2017. The maximum annual credit is $2,500 per student and includes tuition and fees as well as other expenses such as books, computers, lab fees, and internet fees. Also, 40% of the credit may be refundable which means you would get the credit even if you owe no taxes. There is an income limitation for this credit which is $80,000 for individuals and $160,000 for married filing joint. The credit is phased out if your income is above these levels. The credit is not available if you are married and filing separate tax returns.

The AOTC is available for the first four years of post-secondary qualified education. So a student starting college in 2013 or 2014 would qualify for the entire four years as the credit is due to expire at the end of 2017. At that time the credit is scheduled to drop back down to the first two years of post-secondary education costs.

LIFETIME LEARNING CREDIT

The Lifetime Learning Credit is available for all students enrolled in eligible educational institutions. There is no limit to the number of years the credit can be claimed. The maximum credit available is $2,000 per tax return, whereas the American Opportunity Tax Credit is available per student. Qualified expenses for the Lifetime Learning Credit include tuition, mandatory fees, and books and course materials but only if required to be purchased through the school. If the books and course materials can be purchased online or through other retail venues then that is not an allowable expense for the Lifetime Learning Credit.

Note that you cannot claim both the AOTC and the Lifetime Learning Credit for the same student in the same year. However, if there is more than one student in your household then you may qualify for the AOTC for each eligible student and the Lifetime Learning Credit for other students.

Like the AOTC the Lifetime Learning Credit is phased out if your adjusted gross income is greater than $53,000 for individuals and $107,000 for married filing joint. The credit is not available if you are married and filing separate tax returns.

In the following two pages we have provided an easy reference chart to help with some of the child related tax benefits and information regarding the appropriate tax filing status for your specific tax situation.

The following chart shows some of the basic eligibility requirements for tax benefits available to taxpayers with a qualifying child

Criteria	Benefit				
	Earned Income Tax Credit	**Dependency Exemption**	**Child Tax Credit**	**Head of Household**	**Child and Dependent Care Credit**
Age	Child must be: ☐ Younger than you (or your spouse if filing a joint return) and under age 19 at the end of 2012 ☐ Younger than you (or your spouse if filing a joint return) and under age 24 at the end of 2012 if a full- time student ☐ Any age if permanently and totally disabled	Child must be: ☐ Younger than you (or your spouse if filing a joint return) and under age 19 at the end of 2012 ☐ Younger than you (or your spouse if filing a joint return) and under age 24 at the end of 2012 if a full- time student ☐ Any age if permanently and totally disabled	Child must be younger than you (or your spouse if filing a joint return) and under age 17 at the end of 2012.	Child must be: ☐ Younger than you (or your spouse if filing a joint return) and under age 19 at the end of 2012 ☐ Younger than you (or your spouse if filing a joint return) and under age 24 at the end of 2012 if a full- time student ☐ Any age if permanently and totally disabled	Child must be younger than you (or your spouse if filing a joint return) and under age 13 at the end of 2012.
Child's Relationship	Child must be your: ☐ Son ☐ Daughter ☐ Stepson ☐ Stepdaughter ☐ Adopted child* ☐ Foster child** ☐ Brother ☐ Sister ☐ Half brother ☐ Half sister ☐ Stepbrother ☐ Stepsister ☐ Or descendent of any of them	Child must be your: ☐ Son ☐ Daughter ☐ Stepson ☐ Stepdaughter ☐ Adopted child* ☐ Foster child** ☐ Brother ☐ Sister ☐ Half brother ☐ Half sister ☐ Stepbrother ☐ Stepsister ☐ Or descendent of any of them	Child must be your: ☐ Son ☐ Daughter ☐ Stepson ☐ Stepdaughter ☐ Adopted child* ☐ Foster child** ☐ Brother ☐ Sister ☐ Half brother ☐ Half sister ☐ Stepbrother ☐ Stepsister ☐ Or descendent of any of them	Child must be your: ☐ Son ☐ Daughter ☐ Stepson ☐ Stepdaughter ☐ Adopted child* ☐ Foster child** ☐ Brother ☐ Sister ☐ Half brother ☐ Half sister ☐ Stepbrother ☐ Stepsister ☐ Or descendent of any of them	Child must be your: ☐ Son ☐ Daughter ☐ Stepson ☐ Stepdaughter ☐ Adopted child* ☐ Foster child** ☐ Brother ☐ Sister ☐ Half brother ☐ Half sister ☐ Stepbrother ☐ Stepsister ☐ Or descendent of any of them
Can You Claim Without Qualifying Child?	Yes, see rules for claiming without a qualifying child.	Yes, see rules for qualifying relative.	No	Yes, see rules for dependents who are not a qualifying child.	Yes, see rules for qualifying persons.
Residency	Child must have lived with you in the U.S. for more than half of 2012. Exceptions: ☐ Temporary absence ☐ Serving in military overseas ☐ Birth or death of child ☐ Kidnapped child	Child must have lived with you for more than half of 2012. Exceptions: ☐ Temporary absence ☐ Birth or death of child ☐ Kidnapped child ☐ Divorced or separated parents or parents who live apart	Child must have lived with you for more than half of 2012. Exceptions: ☐ Temporary absence ☐ Birth or death of child ☐ Kidnapped child ☐ Divorced or separated parents or parents who live apart	Child must have lived with you for more than half of 2012. Exceptions: ☐ Temporary absence ☐ Birth or death of child ☐ Kidnapped child	Child must have must have lived with you for more than half of 2012. Exceptions: ☐ Temporary absence ☐ Birth or death of child

Criteria	Benefit				
	Earned Income Tax Credit	**Dependency Exemption**	**Child Tax Credit**	**Head of Household**	**Child and Dependent Care Credit**
Support	None. But, if the child is married, generally, you must be entitled to a dependency exemption for the child.	Child must not provide over half of own support for 2012 but see rules for divorced or separated parents or parents who live apart.	Child must not provide over half of own support for 2012 but see rules for divorced or separated parents or parents who live apart.	Child must not provide over half of own support for 2012. Also, see rules for providing over half the cost of maintaining the household.	Child must not provide over half of own support for 2012 but see rule allowing the custodial parent to claim the credit.
Child Must Have SSN (No ATIN or ITIN)	Yes and the SSN must be valid for employment	No	No	No	No
Child Must Be U.S. Citizen, U.S. National, Or U.S. Resident	N/A but see residency and child must have a Social Security number that is valid for employment	N/A (see next row)	Yes. Child must: ▫ meet the substantial presence test ▫ be admitted for lawful permanent residence, or ▫ make a first-year election	N/A (see next row)	N/A (see next row)
Child Must Be U.S. Citizen, U.S. National, U.S. Resident, Or Resident Of Canada Or Mexico* **	N/A but see residency and child must have a Social Security number that is valid for employment	Yes	N/A (see previous row)	Yes	Yes
Can a Noncustodial Parent Claim Using the Special Rule For Divorced or Separated Parents or Parents Who Live Apart.	No, the rule does not apply	Yes	Yes	No, the rule does not apply	No, only the custodial parent can claim the credit
Can Disabled Child be Any Age?	Yes	Yes	No	Yes	Not as a qualifying child but see qualifying persons
Am I Required to Complete and Submit a Schedule or Form with my Form 1040 or 1040A?	Yes, Schedule EIC Form 8862 if EITC previously disallowed	No, but must show name and taxpayer identification number on tax return	Yes, Schedule 8812	No, but if child isn't listed as a dependent, name must be on tax return	Yes, Form 2441

IDENTITY THEFT

The Internal Revenue Service has announced their commitment to help taxpayers who are victims of identity theft. Most times you are not aware that your Social Security number has been used to file a fraudulent return until you go to file your own return. It is then rejected by the IRS as a return has already been filed with your Social Security number. The other concern is with your children's Social Security number. Many times you may not be aware that your children's Social Security number has been used as a return may not be filed for them for many years. Or again, you receive that reject notice from the IRS that the Social Security number has already been used on a previously filed tax return.

The IRS has provided the following tips to help you avoid becoming a victim of identity theft

➢ The IRS will not initially contact you by email or social media to request confidential information.

➢ If you receive a scam email claiming to be from the IRS, submit to the IRS at phishing@irs.gov.

➢ Be sure to protect your personal assets including your wallet or purse, do not reveal information to someone who requests information about you through a phone call or email, shred confidential documents so they cannot be retrieved from your trash, and do not provide information to an unsecured website.

➢ Visit the Federal Trade Commission website to learn how to identify a secure website. If you suspect you are the victim of identity theft, report the incident to the Federal Trade Commission at 877-438-4338 or go to ftc.gov/complaint.

➢ If you receive a letter or CP2000 Notice from the IRS regarding unreported income or other discrepancies on your tax return that you do not recognize, respond immediately to the notice by calling the phone number provided on the document.

➢ Be sure to contact the three credit reporting agencies; Equifax, TransUnion, and Experian, to have a fraud alert posted to your account.

The IRS has established the Identity Protection Specialized Unit, 800-908-4490, to also assist taxpayers with identity theft tax issues.

SIMPLIFIED HOME OFFICE DEDUCTION

Effective with the 2013 tax year, the IRS has established a simplified option to report the business use of home deduction on your Schedule C business return. The option to use the simplified option does not change the criteria for who may claim the home office deduction. It is only allowed for that portion of your home that is used exclusively and on a regular basis for business purposes. The regular method for claiming your home office deduction is still available.

The simplified option does not require the recordkeeping for the actual expenses of your home. The simplified option does not depreciate that part of your home being used for business purposes. And the deduction for the business use of home continues to be limited to the net income reported by the business.

The maximum square footage that can be claimed for the simplified option is 300 square feet at a rate of $5.00 per square foot, or a maximum business use of home office deduction of $1,500. Once the tax return has been filed, the taxpayer cannot amend to change from either the simplified or the regular method chosen to the alternate method. However, you can elect each year which method will give you the best tax deduction in your particular situation.

TAX REFUNDS

When selecting a tax professional to assist with the preparation of your income tax return, be aware of the IRS regulations as they relate to tax refunds. Your individual income tax refund cannot be processed through your tax professional's bank account but must be directly deposited into your bank account(s). It is not permissible to use the Form 8888, Allocation of Refund, to divert some of the refund to the tax practitioner's account in order to pay the cost of the tax preparation and the balance to your personal bank account. Arrangements for payment of the tax preparation services must be treated as a separate transaction or payment arrangement with the tax professional.

IRS TAX NOTICES

Each year the IRS sends out millions of letters and notices. Most notices are sent from the IRS computer system and are not reviewed or verified by a real person. They are not always correct and usually require a simple answer to resolve the matter in question. Although you may feel anxious when a notice is received, many are easy to resolve. Here's what to do if you receive a letter or notice from the IRS:

➢ Don't panic. Follow the instructions in the letter.

➢ There are many reasons the IRS sends notices to taxpayers. The notice usually covers a specific issue about your account or tax return. It may request payment of taxes, notify you of a change to your account or ask for additional information.

➢ If you receive a notice about a correction to your tax return, you should review it carefully. You usually will need to compare the information in the notice to the entries on your tax return.

If you agree with the correction, you usually don't need to reply unless a payment is due.

If you don't agree with the correction the IRS made, it's important that you respond as requested. Generally, you will need to respond to the IRS in writing to explain why you disagree. Include any documents and information you wish the IRS to consider, along with the bottom tear-off portion of the notice. Mail the information to the IRS address shown in the lower left corner of the notice. Allow at least 30 days for a response from the IRS.

➢ There is no need for you to call or visit an IRS office to answer most IRS notices. If you have questions, call the telephone number in the upper right corner of the notice. When you call, have a copy of your tax return and the notice available.

➢ Keep copies of any correspondence with your tax records.

HOUSEHOLD EMPLOYEES

If your household hires staff to help with child care or other home needs you may be subject to the "nanny tax" as it has come to be known. The most common mistakes include: 1) Misclassifying the employee as an independent contractor – as with any small business, the classification of employees continues to be defined by the three common law rules; Who controls the behavior of the worker, how is the worker paid, and the type of relationship between the household and the worker; 2) Failure to compensate properly for overtime – as a non-exempt worker they are entitled to overtime for all hours over 40 hours a week; 3) Including the household worker on the corporate payroll – since payroll taxes are not deductible on the Schedule H of the 1040, by processing the household employee through the company payroll the business is receiving an illegal tax benefit; and 4) Not processing payroll reporting on a timely basis – while the Schedule H is filed with the Form 1040 which includes the FICA and FUTA taxes, the household may not be in compliance with the filing of W2s and the W3 which still have a due date of January 31 and February 28 respectively or with their state unemployment filing requirements.

Contact the office if you have any questions regarding this issue or any other changes in your household that may have an impact on your tax filing requirements.

ARIZONA

Camp Verde Dec 19, 2013
Instructor: Nina Tross
Cliff Castle Casino Hotel
333 Middle Verde Road
Camp Verde, AZ 86322
Phone: 800-524-6343

Phoenix Nov 22, 2013
Instructor: Nina Tross
Sheraton Phoenix Airport Hotel Tempe
1600 South 52nd Street
Tempe, AZ 85281
Phone: 480-967-6600

Tucson Nov 21, 2013
Instructor: Nina Tross
DoubleTree Suites by Hilton
7051 South Tucson Blvd
Tucson, Arizona, 85756
Phone: 520-225-0800

CALIFORNIA

LONG BEACH Dec 10, 2013
Instructor: Nina Tross
Holiday Inn Long Beach Airport
2640 Lakewood Boulevvard
Long Beach, CA 90815
Phone: 562-597-4401

COLORADO

DENVER Nov 15, 2013
Instructor: Nina Tross
DoubleTree Hotel Denver
3203 Quebec Street
Denver, CO 80207
Phone: 303-321-3333

CONNECTICUT

HARTFORD Dec 10, 2013
Instructor: CJ Wade
Baymont Inn & Suites East Windsor
260 Main Street
East Windsor, CT 06088
Phone:860-627-6585

FLORIDA

FT. LAUDERDALE Dec 19, 2013
Instructor: Paul LaMonaca
Sheraton Ft. Lauderdale
Airport Hotel
1825 Griffin Road
Dania, Florida 33004
Phone: 954-920-3500

FLORIDA

ORLANDO - GRAND EVENT
Dec 20-21, 2013
Instructor: Paul LaMonaca
SpringHill Suites by Marriott
5828 Hazeltine National Drive
Orlando, FL 32822
Phone: 888-287-9400

TAMPA Dec 06, 2013
Instructor: Barry Iacono
Holiday Inn Express
4750 N Dale Mabry Hwy
Tampa, FL 33614
Phone: 813-875-0353

GEORGIA

ATLANTA Nov 21, 2013
Instructor: Paul LaMonaca
Cobb Galleria Centre
Two Galleria Parkway
Atlanta, GA 30339
Phone: 770-989-5022

SAVANNAH Nov 22, 2013
Instructor: Barry Iacono
Wingate - Savannah Airport
50 Sylvester C. Formey Dr.
Savannah, GA 31408
Phone: 912-544-1180

ILLINOIS

CHICAGO Nov 18, 2013
Instructor: Paul LaMonaca
Sheraton Suites Chicago Elk Grove
121 Northwest Point Blvd
Elk Grove Village, IL 60007
Phone: 847-290-1600

LOUISIANA

NATCHITOCHES Dec 5-6, 2013
Instructor: Nina Tross
Waskom, Brown & Associates
816 University Pkwy, Suite A
Natchitoches, LA 71457
Phone: 318-357-1520

NEW ORLEANS Dec 3, 2013
Instructor: Nina Tross
Holiday Inn Metairie
New Orleans Airport
2261 N Causeway Blvd
Metairie, LA 70001
Phone: 504-373-5946

MARYLAND

BALTIMORE Nov 22, 2013
Instructor: CJ Wade
Holiday Inn Express BWI
7481 Ridge Road
Hanover, MD 21076
Phone: 410-684-3388

COLLEGE PARK Dec 13, 2013
Instructor: Paul LaMonaca
Holiday Inn College Park
10000 Baltimore Ave
College Park, MD 20740
Phone: 301-345-6700

MASSACHUSETTS

BOSTON Nov 13, 2013
Instructor: Paul LaMonaca
Lombardos
6 Billings Street
Randolph, MA 02368
Phone: 781-986-5000

MICHIGAN

DETROIT Nov 15, 2013
Instructor: Barry Iacono
Four Points by Sheraton
Detroit Metro Airport
8800 Wickham Road
Romulus, MI 48174
Phone: 734-729-9000

MINNESOTA

MINNEAPOLIS Nov 13, 2013
Instructor: Barry Iacono
Courtyard by Marriott Bloomington
7800 Bloomington Avenue South
Bloomington, MN 55425
Phone: 952-876-0100

NEVADA

LAS VEGAS - GRAND EVENT
Jan 6-7, 2014
Instructor: Paul LaMonaca
The Orleans Hotel and casino
4500 West Tropicana Ave
Las Vegas, NV 89103
Phone: 702-365-7050

NEW HAMPSHIRE

MANCHESTER Dec 11, 2013
Instructor: CJ Wade
The Executive Court Banquet Facility
1199 South Mammoth Road
Manchester, NH 03109
Phone: 603-626-4788

National Society of Tax Professionals
2013 REGISTRATION FORM

Please register me for the following seminar:

Fall Update Seminar Location: ______________________

Fall Update Seminar:

☐ NSTP Member (After 9/30/13) - $185 ☐ **Non-Member (After 9/30/13) - $285

Natchitoches Grand Event: (Register soon as space is limited)

☐ NSTP Member (After 9/30/13) - $359 ☐ **Non-Member (After 9/30/13) - $459

Orlando Grand Event:

☐ NSTP Member (After 9/30/13) - $269 ☐ **Non-Member (After 9/30/13) - $369

***Non-member registration includes **6 months** complimentary membership. Membership effective from date of registration.*

Name: ______________________

Address: ______________________

City: ____________ **State:** ________ **Zip:** ________

Phone: ____________ **Fax:** ____________

E-Mail: ______________________

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Payment may be submitted to:
NSTP
11700 NE 95th Street, Suite 100
Vancouver, WA 98682
Phone: (800) 367-8130
Fax: (360) 695-7115
WWW.NSTP.ORG

2013 NSTP FEDERAL TAX UPDATE & REVIEW SEMINAR

NSTP's Federal Tax Update and Review Courses learning objectives are to provide the seasoned professional and the developing tax practitioner with an array of in-depth study of the field of feder.al tax law.

NSTP's course builds on basic principles of taxation in order to relate fundamental principles to practical real life issues. At the same time the course focuses on the development of the professional. The Fall Update and Review Course also gives a general review of new developments in the tax community introducing Legislative, Judicial and Administrative Updates.

Participants will receive a complete copy of the text used by the presenters of the course.

All courses are 8 CPE unless otherwise noted.

Topic Highlights for NSTP's 2013 Federal Tax Update & Review Seminars:

- ☑ 2013 Forms Review
- ☑ Selected Provisions of New 2013 Tax Legislation
- ☑ Health Care Act and the New Medicare Tax Rules
- ☑ Tax Transactions in 2013 and Beyond Affected by the Legislation of the 21st Century
- ☑ Update for Business Clients Affected by the Credit Card Transaction Reporting Issues
- ☑ NSTP Hotline Hot Topics
- ☑ Schedule C Issues
- ☑ §108 Home Mortgage Debt Relief Ready to Expire again
- ☑ Review of IRS Announcements and Regulations
- ☑ Tax Court Case Review
- ☑ Understanding the Importance of Focusing on AGI
- ☑ Preferential Capital Gain Rate Issues: The Zero Rate Still Alive for Most Taxpayers
- ☑ Review of the Basic Rules reporting on Covered Securities and Form 8949
- ☑ Overview of Methods Needed to Calculate Basis
- ☑ Schedule E Reporting Issues
- ☑ Understanding IRS Notices
- ☑ And A Whole Lot More...

2013 Grand Event Information

LOCATION	DATE	HOTEL
ORLANDO, FL **12 CPE**	**December 20-21, 2013**	**Spring Hill Suites** **Orlando International Airport** 5828 Hazeltine National Drive Orlando, FL 32822 Phone: 407-816-2213
Las Vegas, NV	**January 6-7, 2014** **16 CPE**	**The Orleans Hotel and Casino** 4500 West Tropicna Ave. Las Vegas, NV 89103 Telephone: 702-365-7050

Cost:

Orlando Grand Event:

$269 - Members
$369 - Non-Members

Las Vegas Grand Event:

$359 - Members
$459 - Non-Members

Orlando Agenda

Day 1:

7:15 AM	Registration
8:00 AM	Class Begins
4:30 PM	Class Concludes

Day 2:

7:30 AM	Registration
8:00 AM	Class Begins
12:00 PM	Class Concludes

Las Vegas Agenda

Day 1:

7:30 AM	Registration
8:00 AM	Class Begins
4:30 PM	Class Concludes

Day 2:

7:30 AM	Registration
8:00 AM	Class Begins
4:30 PM	Class Concludes

For additional details and information visit **www.nstp.org**

Course level addresses up-to-date issues facing the profession. It is recommended that participants have a working knowledge of the principles of Federal Income Tax Law.
Advance preparation is not required.
The course instruction is presented live by seasoned instructors who will allow your questions to be asked.

Course Level: ***Intermediate to Advanced***

NATIONAL REGISTRY OF CPE SPONSORS

The National Society of Tax Professionals (NSTP) is registered with the National Association of State Boards of Accountancy (NASBA), as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417. NASBA web site: www.nasba.org

IRS APPROVED CONTINUING EDUCATION PROVIDER

These courses are recommended for CPA's, Accountants, Tax Professionals, Lawyers and Enrolled Agents with basic knowledge of tax accounting.

Program Schedule

7:30 AM	**Registration**
8:00 AM	**Session Begins**
12:00 PM	**Lunch (included in registration cost)**
4:30 PM	**Session Concludes**

Administrative Policies

NSTP follows strict administrative policies.

REFUNDS: NSTP provides refunds to registrants up to 14 days prior to the date of the education. For those registrants canceling within 14 days prior to the education date NSTP will allow attendance at another seminar site. If there are extraordinary circumstances NSTP will allow the participant to attend a future education course. An administrative charge of $25 will be assessed if cancelled.

CONTACT INFORMATION: For more information regarding refund, complaint and/or program cancellation policies, please contact our offices at (800)367-8130.

CANCELLATION: NSTP reserves the right to cancel any program or course for circumstances that are not under direct control of NSTP. If a course or program is cancelled, participants will be refunded 100% of their registration fee.

Register online at www.nstp.org or call 800-367-8130.

NSTP
"Service to the Tax Profession"

NEW JERSEY

ATLANTIC CITY Dec 13, 2013
Instructor: CJ Wade
Tropicana Casino and Resort
Brighton Avenue & The Board Walk
Atlantic City, NJ 08401
Phone: 609-340-4072

CARTERET Nov 18, 2013
Instructor: CJ Wade
Holiday Inn Carteret
1000 Roosevelt Avenue
Carteret, NJ 07008
Phone: 732-541-9500

CHERRY HILL Jan 13, 2014
Instructor: CJ Wade
Holiday Inn Philadelphia-Cherry Hill
2175 West Marlton Pike
Cherry Hill, NJ 08002
Phone: 856-663-5300

TOMS RIVER Dec 18, 2013
Instructor: CJ Wade
Clarion Hotel & Conference Center
815 Route 37 West
Toms River, NJ, 08755
Phone: 732-341-2400

NEW MEXICO

ALBUQUERQUE Nov, 19 2013
Instructor: Nina Tross
Hilton Garden Inn Albuquerque
2601 Yale Boulevard SE
Albuquerque, NM 87106
Phone: 505-765-1000

NEW YORK

LONG ISLAND Nov 12, 2013
Instructor: Paul LaMonaca
Hilton Long Island/Huntington
598 Broadhollow Road
Melville, NY 11747
Phone: 631-845-1000

NEW YORK CITY Dec 12, 2013
Instructor: Paul LaMonaca
Courtyard by Marriott LaGuardia
90-10 Grand Central Parkway
East Elmhurst, NY 11369
Phone: 718-446-4800

NORTH CAROLINA

CHARLOTTE Nov 22, 2013
Instructor: Paul LaMonaca
Crown Plaza Charlotte Executive Park
5700 Westpark Drive
Charlotte, NC 28217
Phone: 704-527-9650

OHIO

CANTON Dec 09, 2013
Instructor: Barry Iacono
Courtyard By Marriott-Canton
4375 Metro Circle NW
North Canton, OH 44720
Phone: 330-494-6494

PTP OF OHIO Dec 4-5, 2013
Instructor: Paul LaMonaca
Wyndham Garden South
31 Prestige Plaza Drive
Miamisburg, OH 45342
Phone: 937-434-8030
16 CPE Hours
***To Register: contact PTP of Ohio @ ptpoh1@gmail.com**

OREGON

PORTLAND Dec 17, 2013
Instructor: Nina Tross
Hilton Garden Inn Portland Airport
12048 NE Airport Way
Portland, OR 97220
Phone: 503-255-8600

PENNSYLVANIA

PHILADELPHIA Dec 20 2013
Instructor: CJ Wade
Holiday Inn Stadium Philadelphia
900 Packer Ave
Philadelphia, PA 19148
Phone: 215-755-9500

PITTSBURGH Dec 11, 2013
Instructor: Barry Iacono
Embassy Suites Pittsburgh-Int Airport
550 Cherrington Pkwy
Coraopolis, PA 15108
Phone: 412-269-9070

TEXAS

DALLAS Dec 13, 2013
Instructor: Nina Tross
Holiday Inn DFW Airport South
14320 Centre Station Drive
Fort Worth, TX 76155
Phone: 817-399-1800

HOUSTON Dec 12, 2013
Instructor: Nina Tross
Holiday Inn
15222 John F. Kennedy Blvd
Houston, TX 77032
Phone: 281-449-2311

SAN ANTONIO Nov 25, 2013
Instructor: Nina Tross
Holiday Inn San Antonio Airport
77 NE Loop 410
San Antonio, TX 78216
Phone: 210-349-9900

VIRGINIA

SPRINGFIELD - VASEA
Dec 9-10, 2013
Instructor: Paul LaMonaca
Hilton Springfield
6550 Loisdale Road.
Springfield, VA 22150.
Phone: 703-971-8900
16 CPE Hours
***To Register: contact Heather Greenwell @ Virginia Society of Enrolled Agents**
Phone: 804-340-5225

VIRGINIA

WILLIAMSBURG - VASEA
Dec 16-17, 2013
Instructor: Paul LaMonaca
Holiday Inn-Patriot
3032 Richmond Road
Williamsburg, VA 23185
Phone: 757-565-2600
16 CPE Hours
***To Register: contact Heather Greenwell @ Virginia Society of Enrolled Agents**
Phone: 804-340-5225

WASHINGTON

SEATTLE Dec 16, 2013
Instructor: Nina Tross
Radisson Hotel Seattle Airport
18118 International Blvd.
Seattle, WA 98188
Phone: 206-244-6666

WYOMING

CASPER - WY ASSOCIATION OF PUBLIC ACCOUNTANTS
Oct 29-30, 2013
Instructor: Nina Tross
Parkway Plaza Hotel & Convention Centre
123 W E St.
Casper, WY 82601
Phone: 307-235-1777
16 CPE Hours
Cost: $285.00
***To Register: contact Mike Liesch @ mikepa@rtconnect.net**
WY Association of Public Accountants
Phone: 307-921-1762

REGISTER EARLY!
ENJOY HUGE DISCOUNTS!

REGISTER NOW THROUGH DECEMBER 31, 2013
(VALID ONLY WHEN REGISTERING FOR ALL 3 EVENTS)

- **Enjoy a $100.00 discount on registration when registering for all three (3) events**
- **Enter to win one (1) night hotel stay during the seminar ABSOLUTELY FREE – 3 Winners will be announced at lunch on Tuesday, July 22, 2014**

JANUARY 1 THROUGH MARCH 31, 2014
(VALID ONLY WHEN REGISTERING FOR ALL 3 EVENTS)

- **Enjoy a $50 discount on registration**

APRIL 1 THROUGH MAY 31, 2014

- **Enjoy a $25 discount on registration**

Announcing NSTP's
2014 Napa Special Topics
Napa, CA
July 21-23, 2014

Up to 18 CPE Credits Available

The Annual Ethics Session – Monday Morning

"Ethics for the Tax Professional in 2014 and Circular 230 Issues after the Loving Case"
Monday, July 21, 2014 9:00am to 10:40am
2 CPE Credit Hours

The Annual Executive Session – Monday Afternoon

"Introduction and Review of Worker Classification Issues: Independent Contractors vs. Employee"
Monday, July 21, 2014 1:00pm to 5:00pm
4 CPE Credit Hours

Special Topics Workshop
Choose which you would like to attend AM vs. PM
Tuesday Morning

Session 1: "Introduction to IRS Form 1041 Income Taxation of Estates and Trusts" or
Session 2: "Introduction to Foreign Tax Issues Including ITIN Issues"
Tuesday, July 22, 2014 8:00am to 12:00pm
4 CPE Credit Hours Each

Tuesday Afternoon

Session 1: "Introduction to IRS Form 1041 Income Taxation of Estates and Trusts" or
Session 2: "Introduction to Foreign Tax Issues Including ITIN Issues"
Tuesday, July 22, 2014 1:00pm to 5:00pm
4 CPE Credit Hours Each

Wednesday Morning

"Overview of the 2010 Health Care Act: Affordable Care Act" and "Introduction and Review of the Defense of Marriage Act (DOMA) after the Windsor Supreme Court Decision: The Issues, the Opportunities and the Traps"
Wednesday, July 23, 2014 8:00am to 12:00pm
4 CPE Credit Hours

Where: Embassy Suites Napa Valley
1075 California Blvd.
Napa, CA 94559

1-800-EMBASSY (1-800-362-2779)

*Room Rate: *$179.00 per night
*Rate available from July 20-22, 2014
Hotel cutoff date: June 17, 2014
Group Code: **NST** or mention
National Society of Tax Professionals

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ENJOY HUGE DISCOUNTS!

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- **Enjoy one (1) webinar of your choice ABSOLUTELY FREE**

JANUARY 1 THROUGH MARCH 31, 2014
(VALID ONLY WHEN REGISTERING FOR ALL 3 EVENTS)
- **Enjoy a $50 discount on registration**
- **Enjoy one (1) webinar of your choice ABSOLUTELY FREE**

APRIL 1 THROUGH MAY 31, 2014
- **Enjoy a $25 discount on registration**

Announcing NSTP's
2014 Williamsburg Special Topics
Williamsburg, VA
June 25-27, 2014

Up to 18 CPE Credits Available

The 4th Annual Ethics Session - Wednesday Morning
Ethics for the Tax Professional in 2014 and Circular 230 Issues after the Loving Case
June 25, 2014 9:00am to 10:40am
2 CPE Credit Hours

The 6th Annual Executive Session – Wednesday Afternoon
"Introduction and Review of Worker Classification Issues: Independent Contractors vs. Employee"
June 25, 2014 1:00pm to 5:00pm
4 CPE Credit Hours

Special Topics Workshop – Thursday & Friday
"Federal Income Tax Issues of the 2010 Health Care Act: Affordable", "Introduction and Review of the Defense of Marriage Act (DOMA) after the Windsor Supreme Court Decision: The Issues, the Opportunities and the Traps" and "Introduction and Review of the Differences of Dealing with Innocent Spouse and Injured Spouse Issues"
June 26, 2014 8:00am to 4:45pm
8 CPE Credit Hours

"Discovering and Meeting the Financial and Tax Issues of Retirement Planning"
June 27, 2014 8:00am to 12:00pm
4 CPE Credit Hours

Where: Holiday Inn Patriot
3032 Richmond Road
Williamsburg, VA 23185
757-565-2600

*****Room Rate: $74.00 plus 10% state/local tax and $2.00 occupancy tax per room night

NSTP

For additional details or to register online please visit our website at **www.nstp.org**