



# The Accountant

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**Mark  
Your  
Calendars**

**NCSA  
Fall PAS**

**September  
21-22, 2007**

**Hilton  
Near Duke University  
Durham, NC**



## A Message From The President

*Wayne O. Parker*

I hope all had a wonderful Christmas! Happy New Year to everyone; by the time you read this I hope you have had a very happy New Year.

Let's also remember those in the military and their families, for they are defending our freedom and we owe so much to them. Pray for them daily.

Now it is January, so welcome to another year and to the 2007 Tax Filing Season. Start now to make notes for the 2007 Tax Practitioner Forum. Let's gather questions to submit to Ron for any problems we encounter with the IRS.

On January 24<sup>th</sup> the NCSA Officers and several Board Members will attend the Legislative Reception in Raleigh. This reception allows us to make our presence known to the elected officials who could affect your rights to practice and to speak with them individually.

I wish everyone a prosperous New Year and the very best for this tax season. And before the rush covers you up, be sure to mark your calendars for the Summer PAS and Annual Convention June 20-23 in Winston Salem. Plan now so you can attend one or both. I know everyone is busy, however let's show we care enough to give of our time to help each other to be better informed. Let's help one another through professional development. I am sure each of us have something new to learn and something old to teach a fellow member. I want us to care for each other more than as fellow members of an organization, but as friends, brother, and sister with a goal to help by caring for our Families, Clients, and our State Society.

As the burden of tax season gets us down, remember your NCSA members are our extended family and here to help when we are in need. Please take care of your physical well being during this busy season.

Do things look bad where we are, as we face another busy tax season? We all think things are going south, and we have all thought they can't get any worse, can they? Well let's see!

A man asked his good friend, "Whatever became of that young lady you were dating?"

"She jilted me," he replied.

"Why didn't you tell her about your rich uncle?"

"I did and now she's my aunt."

So now we see it can get worse. Let's all keep looking up knowing it can get worse before it gets better. But look around if you need help. I am sure there is a friend in our Society and Local Chapters that can and will help. God Bless us all this tax season. Thank all of you for your support.



**Wayne O. Parker**

## Chapter News

### Charlotte

The Charlotte Chapter met on November 27, with 16 members and 6 guests attending. The speaker was Cheryl Myers of the NC Secretary of State office, discussing corporation updates.

The Christmas party will be at Jense Haynes' house on December 11, at 7:00 pm. There will be a \$10.00 Chinese gift exchange. Food will be provided, but bring your favorite dish if you like and BYOB—mixers provided.

The next meeting will be January 27, 2007. Avery Henline of the IRS will speak.

### Central

The Central chapter met on November 27, at the Pavillion Restaurant at 6:30 pm with 6 members and 4 guests in attendance. Bernard Obie, VP of Sales and Broker Relations for American Benefits Corporation, spoke on "Insurance Needs for the Small Business." He was accompanied by Jesse Cowart, President of American Benefits Corporation, and Jan Humble, sales associate specializing in employee benefits and retirement plans.

The December meeting was held at Sage Brush Steakhouse in Asheboro on December 4. Six members and 6 guests attended. Councilwoman T. Dianne Bellamy-Small spoke on "Twelve Days of Christmas from the Heart."

Central Chapter will meet on January 22 at the Pavillion Restaurant in Greensboro.

### Cape Fear

The November meeting was held on November 20 at 6:00 pm at the Front Street Café in Lillington, NC. Stephen Metelits spoke on the production deduction. He went over the terms and the abbreviations, the form 8903 and to whom this deduction is available. Seventeen chapter members were present.

The December meeting will be held at Lebanon Baptist Church, 3329 Beard Road, Fayetteville, on December 11, at 6:30 pm. Chapter Past President Bill Fischer will present an update for the 2006 filing season. There will also be a roundtable discussion on how changes in tax law affect us and our clients. The meal will be prepared by Chris Hudson.

The January, 2007 meeting will be at the Brass Lantern in Dunn on January 22, at 6:30 pm. The Clerk of Court from Harnett County will speak on Estates and Filings.

### Hickory

The Hickory Chapter met at McGuffey's on Highway 321 on November 20, at 6:30 pm. Eight members were present for an informative presentation by Jed Franquemont from the NC Department of Revenue. Jed is the Collections manager for Hickory and trains agents for prosecution.

The December meeting was a Christmas party at The Peddler in Hickory, on December 11, at 6:30 pm. The annual gift exchange had a \$15 limit. Food and a gift exchange were enjoyed by 8 members and 7 guests.

### Raleigh

The November meeting was held on November 28, with 15 members and 1 guest in attendance. Stephen Metelits spoke on the "Production Deduction."

Two new members were approved.

There will be no December meeting. The next meeting will be the 4<sup>th</sup> Tuesday in January and Stephen Metelits will discuss "An Overview of Accounting Standards and Financial Statements."

### Piedmont

The annual Christmas dinner will be held on Monday, December 4, at 6:30 pm at the Sagebrush Steakhouse, 1505 E Dixie Drive, Asheboro. Please bring a \$5.00 gift/ornament for exchange and a canned good to be given to charity. Councilwoman Dianne Bellamy-Small will provide entertainment.

### Western

The next meeting will be the Christmas party in December, date and site to be determined.

The January meeting will be held on Tuesday, January 30, in Marion. Stephen Metelits will speak on changes in the production activities deduction. This will be a joint meeting with the Hickory Chapter.

NEWS IS A FLEETING THING. WE CAN ONLY REPORT WHAT WE ARE TOLD. PLEASE MAKE SURE YOUR CHAPTER IS SHARING WITH *THE ACCOUNTANT*.

Please e-mail information to [lfgacct@bellsouth.net](mailto:lfgacct@bellsouth.net) or fax to 828-438-8111.

## Extension of Tax Breaks

The Senate waited until 0200 on December 9 to pass a bill passed by the House the day before. The *Tax Relief and Health Care Act of 2006* permits HSA rollovers from health flexible spending accounts and health reimbursement accounts into an HSA for a limited time and allows a one-time rollover from an IRA to an HSA.

Some of the provisions of earlier laws sunset at the end of 2005. Many of these have been extended at the last minute retroactive to January 1, 2006, and continuing through 2007:

- The research tax credit has been expanded and modified;
- The deduction for state and local tax;
- The adjustment for qualified higher education expenses;
- The 15-year straight-line cost recovery for qualified leasehold and restaurant improvements; and
- The availability of Archer medical savings accounts.

The work opportunity and welfare-to-work tax credits have been extended and are combined starting in 2007.

Extended through 2008 is the election to include combat pay as earned income for the earned income tax credit.

While a provision of the law modifies the AMT refundable credit for individuals, an extension of the "temporary fix" to prevent additional taxpayers from becoming subject to the tax was not included in the law.

The penalty for frivolous submissions to the IRS increases from \$500 to \$5,000.

Extended for one year are the deduction for energy-efficient commercial buildings, the business credit for energy-efficient new homes, the credit for residential energy-efficient property purchases, and a business credit for the installation of qualified fuel cells and stationary microturbine power plants as well as the purchase of solar energy property.

## Reporting Extended Tax Provisions

The following is IRS guidance on how to enter the major extended deductions on 2006 tax returns.

*[Hopefully, our tax software will incorporate this guidance.]*

**Educator expenses:** Include the deduction on line 23 of Form 1040 (Archer MSA deduction). To the left of the empty space for that line, enter "E" for educator expenses or "B" for both the Archer MSA and educator expenses. For an entry of "B," attach a statement with a breakdown of the amounts.

**Tuition and fees deduction:** Include the deduction on line 35 of Form 1040 (Domestic production activities deduction). To the left of the empty space for that line enter "T" for tuition and fees or "B" for both the domestic production activities deduction and tuition and fees. For an entry of "B," attach a statement with a breakdown of the amounts.

**State and local general sales tax deduction:** Enter this deduction on line 5, Schedule A (State and local income taxes). To the left of the empty space for that line enter "ST." The IRS will reissue Publication 600 for 2006 with state and local sales tax tables, worksheets, and instructions for figuring this deduction.

The IRS does not plan to make any changes to the existing Form 1040 or Schedule A instructions for 2006. These changes will be published in Publication 553, Highlights of Tax Changes.

***Mark Your Calendars***  
***Annual Convention Dates to Remember***

**2007**

**June 21-22 Embassy Suites— Winston-Salem**

**2008**

**June 20-22 Durham Marriott—Durham**

### **Separate Fees**

In Pub 1345, *Handbook for Authorized IRS e-file Providers*, we are told that a "Provider must never charge a separate fee for Direct Deposit (of refunds) and must accept any Direct Deposit election by a taxpayer to any eligible financial institution. The Provider must advise the taxpayer that Direct Deposit election cannot be rescinded and that changes cannot be made to routing numbers of financial institutions or to account numbers after the IRS has accepted the return."

This means that a fee cannot be charged for preparation of Form 8888, *Direct Deposit of Refund*, even though it takes additional time to prepare and explain the ramifications of the elections to the taxpayer.

### **Some Fees Up**

In IR-2006-196 dated December 28, 2006, the IRS announced that, beginning January 1, 2007, there will be revised fees for installment agreements.

User fees for entering into a non-direct deposit installment agreement increase to \$105, and the fee for direct debit installment agreements increase to \$52. Taxpayers with income at or below established levels, based on the Department of Health and Human Services poverty guidelines, can apply and be qualified to pay a reduced user fee of \$43 for establishing new agreements. The fee for restructured or reinstated agreements increases to \$45 regardless of income level.

### **Hotel Rooms**

*Stephen Metelits*

When the NCSA arranges with a hotel to hold classes, meetings, or conventions, we usually contract with the hotel for a specific price for meeting rooms, food service, and hotel rooms. This contract calls for us to use a certain number of rooms which are reserved for us to reduce the price of the overall cost to the society. If we don't use all of the guest rooms in our contract, we have to pay more for our other costs under the contract.

As a reminder, if you save a few dollars by staying at another hotel, it can cost the society more than you saved. If you are a member of a hotel points program which you use to "pay" for your room, we don't get credit for the room. Please, use your hotel points for a family vacation, not for an NCSA event.

## **NCSA Schedule of Events**

### **2007**

January 24—**Legislative Reception**—  
Sheraton— Raleigh, 6 p.m.

June 20—**Board of Directors**—Embassy Suites—  
Winston-Salem, 6:30 pm

June 21—**Summer PAS**—Embassy Suites— Winston Salem

June 21-22—**Annual Convention**—Embassy Suites—  
Winston-Salem

June 23—**Board of Directors**—Embassy Suites—  
Winston Salem, 9 a.m.

August 16-18—**NSA Convention**—Portland, OR

September 21-22—**Fall PAS**—Hilton Near Duke, Durham

September 28-30—**NSA Leadership**—Tampa/St Pete, FL

October 26—**Practitioners' Forum**—  
Holiday Inn Airport, Greensboro

### **2008**

May 10—**Board of Directors Meeting**—  
Zoo—Asheboro, 10:30 a.m.

June 19—**Board of Directors Meeting**—Marriott, Durham

June 20-21—**Spring PAS**—Marriott, Durham

June 22—**Annual Convention**—Marriott, Durham

June 23—**Board of Directors Meeting**—Marriott, Durham

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