



Inland Society of Tax Consultants

San Diego Chapter Newsletter • August 2003

August 2003 Dinner Meeting

Date	Thursday, August 21, 2003
Where	Handlery Hotel & Resort 950 Hotel Circle North Mission Valley, San Diego, CA
Times	5:00 p.m. Registration & Social 5:30 p.m. Education Presentation 6:30 p.m. Social/Dinner Setup 7:00 p.m. Dinner 7:45 p.m. Education Presentation
Cost	\$24 Members With Reservations \$26 Members Without Reservations \$28 Non-Members, Spouses, & Guests
Menu	<ul style="list-style-type: none">• Chicken Mushroom Dijon• Caesar Salad• Garlic Mashed Potatoes• Fresh Seasonal Vegetables• German Chocolate Cake with Coconut Topping• Vegetarian Meal Is Available — Advance Request Is Required When Making Your Reservation.

RESERVATIONS

Deadline is Noon, Tuesday, August 21

Call **1-800-994-4782** or online at
www.istcsandiego.com.

Leave your name, number of reservations, and
your telephone number.

Prepaid Reservation List

Please call if you will not be able to attend.

No-Show Dinner Reservations Billing Policy

An individual who has made a reservation for a dinner meeting and fails to cancel the reservation by noon the day prior to the dinner meeting will be billed the Chapter's cost of the dinner. An individual will be allowed one (1) no-show per calendar year.

EDUCATION PRESENTATIONS



“Electronic Filing”

Speakers:

Rod Peters, IRS

Brian Scott, FTB

CTEC 1000-CE-1207 – 1 Hour Federal
CTEC 1000-CE-1208 – 1 Hour California

“Mandatory” California E-Filing

See Page 4

Bring Your E-Filing Questions to The Meeting.

The presentations have been designed to meet the requirements of the Director of Practice of the IRS, the Calif. State Board of Accountancy, the International Board of Standards and Practices for Certified Financial Planners, Inc. ISTC has been recognized as an approved curriculum provider by the Calif. Tax Education Council. Successful completion of the courses may be reported to fulfill the (continuing education/qualifying education) requirement of the Calif. Business & Professions, Code Sections 22250-22259. This does not constitute an endorsement by the Calif. Tax Education Council, or any of the other above named agencies, as to the quality of the course or its contribution to the professional competence of the speaker.

2003 DINNER MEETING SCHEDULE

September 18 – Legal Aspects for the Tax Pro

October 16 – Calif. Update, Chapter’s Birthday

November 20 – Fundamentals of Business Entities

December 13 (Friday) – Holiday Party

SAN DIEGO CHAPTER NEWS

PRESIDENT'S MESSAGE

Our **July dinner meeting** allowed us the opportunity to share the evening and network with our counterparts in the Enrolled Agents San Diego Chapter. John Fieberg's presentation on *Retirement Options* was very informative and captivating. It was evident from the number and quality of the questions about Section 529 plans that he had the audience captured.

Several important changes have recently occurred. The **first** you are encountering now. Our chapter newsletter is now delivered via the internet only. You will receive an e-mail notification from our Website editor, Larry McClellan, the newsletter has been posted. You can read it or print it from our web site www.istcsandiego.com. Remember to keep Larry posted of any changes to your e-mail address.

The **second** change affects us as preparers and was just passed by the California legislature. All preparers who prepare 100 or more tax returns are now required to file all qualified returns electronically or face a \$50 per return penalty. There are 'reasonable cause' exceptions; taxpayer election is one. I have already drafted up an election form for those clients to sign who do not want to file electronically. Here is something to consider "How will the FTB handle a situation when they will accept a form for e-filing but your software will not?" See the article on page 4 for additional information.

The **Summer Symposium** at Las Vegas this past June was a resounding success. Attendance was the largest since 1987. Our Chapter had over 30 members in attendance. Next years Symposium will be held in Reno at the Silver Legacy Hotel. Mark your calendar now for early June 2004 to attend this fantastic event.

The new Society course, Estates and Trusts, was held in San Diego and was another resounding success. There were over 100 attendees. Our Society President, Tom Carter, was able to arrange with the two speakers to present **Estate & Trusts Part II** before we go into next tax season. On November 24 & 25 Society will host Part II. Forty-four attendees signed up at the first class. See page 3 for additional information..

There is still a need for **members to help our chapter and Society**. Both need volunteers to work on committees and make things happen. For example, your time and skills are needed on any of the following committees (at either the Chapter or Society level):

Audit, Elections, Running Start, Speakers, Fall Workshops, Summer Symposium, Tax Bridge, Newsletter, and more. Serving on a committee is a good way to learn how such a large organization functions so well and does not require a lot of time. Please consider volunteering for your Chapter or Society and contact any of your Officers or Board Members.

This month our **speakers** from the IRS and FTB will discuss electronic filing. How apropos since the California legislature just passed the mandatory e-file law. I hope to see many of your at this month's dinner meeting. Be prepared to ask all of your questions now.

Val J. Daigle – *Chapter President*

MEMBERS NEED A RIDE TO MEETINGS CAN YOU HELP?

Some of our members do not drive or do not drive after dark. They are looking for rides to the dinner meetings and educational events.

If you need a ride or can offer a ride please contact the chapter office at 858-278-1164.

FREE QUICKFINDERS®

A FREE Individual Quickfinder® will be given to each San Diego Chapter member who:

- Attends four San Diego Chapter dinner meetings between May and November 2003
and
- Registers and prepays prior to Dec. 1, 2003 for the San Diego Running Start Seminar to be held in January 2004.

\$100 EDUCATION REIMBURSEMENT

For 2003 the San Diego chapter will reimburse \$100 to members who meet all of the following criteria:

- A. The member must attend one of the following:
 - 2003 San Diego Running Start,
 - All General Interest Fall Workshop Classes,
 - Two (2) of the Special Interest Fall Workshop Classes
- B. The member must attend at least four (4) San Diego Chapter Dinner meetings
- C. The member must attend one of the following:
 - Society Summer Symposium
 - Estates and Trusts Seminar
 - Society Fall Classroom Series
 - Society Winter Tax Bridge

EDUCATION EVENTS

ISTC FALL WORKSHOPS

The Fall Workshop classes in San Diego will be held at National University during September and October.

General Interest Classes -

- "Payroll Problems", Linda Beckett
- "Interpreting K-1s", Lane McKellar
- "Ethics: Managing Your Practice for Compliance"
Therese Thomas
- "Nasty IRS Letters", Margaret Ferguson
- "Recently Enacted Tax Laws", John Hagarty
- "E-Filing", Albert Cruz

Special Interest Classes -

- "Tax Implications of Real Estate Transactions",
Ruth Godfrey
- "Tax Planning for Your Clients", Chuck Woodson
- "Non-Profit Organizations", Shirley Downey.

Seminar Prices EARLY BIRD PRICES

	<u>Member Only</u> <u>Through Aug 22</u>	<u>Non Member &</u> <u>Member</u> <u>After Aug 22</u>
All Six General Interest	\$135	\$185
Individual General Interest	\$ 35	\$ 35
Special Interest	\$100	\$150

Dates, locations, and Registration Forms are available at the dinner meetings, the chapter office and at the chapter web site www.istcsandiego.com on the Education Programs page.

RUNNING START 2004

Mark your calendar for the 2004 Running Start Seminar. The San Diego Running Start will be held on Wednesday Jan. 7 and repeated on Thursday Jan. 8, 2004.

Seminar prices:

	Members	Non-Members
Sept 1 – Oct 31, 2003	\$125	\$125
Nov 1 – Dec 17, 2003	\$150	\$165
After Dec 17, 2003	\$165	\$195

PRACTICAL TAX SEMINAR

San Diego Enrolled Agents Chapter, November 6 & 7, 2003. Information and Registration Forms are available at the chapter web site www.istcsandiego.com on the Education Programs page.

ISTC TAX BRIDGE 2004

The ISTC Tax Bridge 2004 is scheduled for December 4 and 5, 2003 Thursday & Friday, at the Sheraton Four
(Continued on Page 6.)

ESTATE AND TRUST COURSE PART II

16 Hours of Federal CE

ISTC is presenting a Two-Day Estate and Trust Course entitled "Estates and Trusts Part II" on November 24 and 25, 2003 at the Handlery Hotel in San Diego.

The course is designed as an advanced course for those who participated in part one of the course in July, or for practitioners experienced in estate work. Subjects include:

- Preparation of gift tax returns & the interrelationship of lifetime giving and gifting at death.
- Case study for second to die.
- Simple & complex trusts, grantor trusts, marital trusts, credit shelter trusts, and charitable remainder trusts.

Monday, November 24

Tuesday, November 25

8:00 am to 4:10 pm

For additional information
contact ISTC Society Office at (714) 634-0484.

Seminar Prices	<u>To Nov 7</u>	<u>After Nov 7</u>
Member	\$250	\$275
Non-Member	\$300	\$325

Registration Form

**Estate and Trusts Part II, November 24 & 25, 2003
Handlery Hotel, San Diego, CA**

Name _____

Address _____

City _____ State _____ Zip _____

Telephone _____ Chapter _____

Circle One CTEC EA CPA Other _____

License # _____

Make checks payable to ISTC

Charge my: (circle one) Visa MasterCard

Card No. _____

Exp. Date _____

Signature _____

Fax to (714) 634-4975 or Mail to:
Inland Society of Tax Consultants
2140 W Chapman #103
Orange, CA 92868

“MANDATORY” CALIFORNIA E-FILING

***Income tax returns prepared by
income tax preparers
shall be filed using electronic technology.***

Summary of the law –

If a tax preparer prepared over 100 individual income tax returns in 2003 or subsequent year and uses tax preparation software to prepare returns then the preparer must E-File all returns.

(California Revenue and Taxation Code Section 18621.9)

There is a \$50 penalty for each return prepared and not E-Filed, unless failure is due to reasonable cause and not due to willful neglect. “Reasonable Cause” includes a taxpayer’s election not to e-file. (Emphasis added)

(California Revenue and Taxation Code Section 19170)

Problem With New E-File Law

The following is an excerpt from Spidell Publishing Inc, Spidell's Flash E-Mail # 2003-22, August 07, 2003:

Error in AB 1756 - The bill was intended to be effective for individual tax returns filed on or after January 1, 2004.

R&TC §18621.9 (a) states that if a tax professional prepared more than 100 returns "during any *calendar year* that began on or after January 1, 2003, and if in the current calendar year that income tax preparer prepares one or more acceptable individual income tax returns using tax preparation software, then, for that calendar year and for each subsequent calendar year thereafter, all returns must be e-filed.

This indicates that the first year of mandatory e-file is 2004 (for 2003 returns). However, R&TC §18621.9(d) states that mandatory e-filing "applies to acceptable individual income tax returns required to be filed for **taxable years beginning on and after January 1, 2004**" (Emphasis added) i.e. 2004 returns in the 2005 tax season.

The FTB, legislative staff, and the budget numbers call for e-filing of 2003 returns, which are filed beginning in the 2004 filing season. Because that is not what the bill says, legislative staffers are drafting correcting legislation and the FTB is proceeding with a January 1, 2004 implementation date in mind.

So, we believe that even though the bill is flawed, you should prepare to e-file in the coming tax season.

Read The Law For Yourself.

A copy of the new law *AB 1756, Sections 56 & 57* has been posted to our web site at our Tax News page at <http://www.istcsandiego.com/AB%201756.htm>.

Editorial Comment -

Bring your written questions to the August 21st dinner meeting. Your questions will be given to the FTB speaker with the hope we can get answers to our question regarding the “Mandatory” California E-filing law.

To get you thinking –

1. Will there be a check box on a return stating “The Taxpayers Elects Not To E-File”?
2. Will there be a standard acceptable form for the taxpayer to elect not to E-file?
3. Does FTB know the number of California returns a preparer prepared in 2003?
4. Will FTB advise tax preparers of the number of California returns they prepared in 2003 and yearly thereafter?
5. How will FTB enforce the new law regarding out of state tax preparers?

Tax News continued on page 5.

FTB**Filing Envelopes**

FTB announced June 12, 2003 that, effective immediately, tax professionals who use preprinted envelopes to send returns and payments to the FTB should use sans serif typefaces in the address field of those envelopes.

The reason given by FTB is that FTB can not process preprinted envelopes with outline type effects or serif typefaces in the address field.

Sans Serif typeface would include Arial.

Serif typeface would include Times New Roman.

The announcement states:

“We understand that you will want to exhaust your current stock of envelopes before you develop new ones. When you do order new stock:

- Use only plain, white envelopes.
- Make sure the envelopes have current address information. We routinely receive envelopes with outdated addresses. These require manual processing, which is much slower, and can lead to delays for your clients.
- Make sure you use the correct zip code extension and bar code information. You can find this information in FTB Publication 1098, *Guidelines for the Development and Use of Substitute, Scannable, and Reproduced Tax Forms*, or go to the Tax Professionals Gateway on our website, www.ftb.ca.gov and locate the section entitled *e-file Program & Other Electronic Services*.”

Fee For Copy of Returns

Effective July 1 the fee for providing copies of personal income tax and business entity (bank, corporation, partnership, and limited liability company) income tax returns is \$20 per return.

FTB Tax News

Be sure to sign up for the *FREE* FTB Bi-monthly newsletter, *Tax News*.

To subscribe go to FTB’s web page at http://www.ftb.ca.gov/education/taxnews/tn_sub.html.

FTB Web Pages

Add these two FTB sites to your bookmarks/favorites:

1. <http://www.ftb.ca.gov/professionals/index.html>
2. <http://www.ftb.ca.gov/education/taxnews/Index.html>

IRS**Advance Child Tax Credit Checks**

IRS mailed more than 25 million *letters* to taxpayers advising them of the advance payment amount. The letters should be saved with other records that will be needed to complete the 2003 tax returns next year.

As of August 8th all advance payment checks have been mailed to eligible taxpayers who filed their 2002 returns by 4/15/03.

Eligible taxpayers who filed after 4/15/03 will receive their checks after their 2002 tax returns are processed.

Additional information and the status of a taxpayer’s Advance Child Tax Credit check can be obtained from the IRS web site at <http://www.irs.gov> under “Where’s My Advance Child Tax Credit?”

Child Attains A Specific Age (Revenue Ruling)

A child attains a given age on the anniversary of the date that the child was born. For example, a child born on Jan. 1, 1987, attains the age of 17 on Jan. 1, 2004.

This revenue ruling applies a uniform method of determining when a child attains a specific age for purposes of the following sections of the Internal Revenue Code: 21 (dependent care credit), 23 (adoption credit), 24 (child tax credit), 32 (earned income credit), 129 (dependent care assistance programs), 131 (foster care payments), 137 (adoption assistance programs), and 151 (dependency exemptions).

Revenue Ruling 2003-72 can be downloaded at <http://www.irs.gov/pub/irs-drop/rr-03-72.pdf>

Schedule D – 2003 Returns

This year’s Schedule D and worksheets will be “a-work-of-art”. The July 17th draft of Schedule D is 2 pages with 53 lines. Plus the needed worksheets.

Get a copy of the draft version at <http://www.irs.gov/taxpros/lists/0,,id=97782,00.html>.

The 2003 tax law will require capital gains and losses for sales before May 6th from those as of May 6 and later.

San Diego Preparers Indicted on Tax Charges

A 78-count federal criminal indictment has been issued against Susan E. O’Brien, Richard R. Evans, Jeffrey C. Barber, Violet M. Negrete-Jauregui and Kathy L. Hill for charges of conspiracy and tax related charges of a tax evasion scheme.

Susan O’Brien operated The O’Brien Group, a San Diego tax preparation, tax planning, and audit representation business. IRS CI Release #33-2003-03.

EDUCATION EVENTS

continued from page 3.

ISTC TAX BRIDGE 2004

Points Hotel in Fullerton, CA. The seminar will provide 16 hours of continuing education credit. Tax law updates for both Federal & California will be included in the subjects covered.

More information and registration forms will be posted to the chapter's web site and in future issues of the newsletter.

FUNDAMENTALS & CONTINUING EDUCATION COURSES

If you know someone who wants to prepare tax returns in California this course is a must.

ISTC is offering both a 60 hours Fundamentals Course and a 20 hours Continuing Education Course at the Society office in Orange, California.

Classes begin September 8th. Classes are held Monday & Thursday Evenings between 6 and 9 pm.

The price for Fundamentals course is only \$229.

The instructor is Ruth Godfrey, EA. Ruth had been teaching and conducting seminars for over 19 years.

Contact the society office at 714-634-0484 for details and registration forms.

SAN DIEGO CHAPTER NEWSLETTER

Effective with the August 2003 Issue, the ISTC San Diego Chapter Newsletter is not mailed.

Notice via email that the newsletter is posted to our web site will be sent to both Members and Non-members. Send your email address to larry@taxnewsandtips.com.

Members who do not have email must request that the newsletter be faxed to them. Contact the chapter office, Fax 858-278-9327, Tel 858-278-7954.

The Fax service is not available for non-members.

LOST YOUR ISTC NAME TAG?

If you have lost your ISTC nametag phone the ISTC society office at 714- 634-0484.

2003- 2004 ISTC DUES

ISTC dues for July 1, 2003 to June 30, 2004 was payable by July 1st. If you forgot renew please contact Bev or Barbara at the Society office 714- 634-0484.

SOCIETY VOLUNTEERS NEEDED

ISTC is looking for member volunteers to fill a variety of positions. If interested please contact Val Daigle, San Diego Chapter president at (619) 435-3131 or Tom Carter, Society President at (619) 698-0508.

EAST COUNTY CHAPTER NEWS

The East County chapter office of ISTC has changed to 733 Broadview St, Spring Valley, CA 91977. The Phone and Fax number is 619-462-6585.

The East County chapter's dinner meetings are now held at El Cajon Community Center, 195 E. Douglas, El Cajon, CA. Call Phyllis McCarthy at 619-442-7477 for dinner meeting information.

CLASSIFIED ADS

CAREER OPPORUNITY - Very "prestigious" San Diego professional firm is seeking a CPA and Tax Professional to work in their La Jolla/San Diego Offices. Financial Counseling "High-net worth clients". Direct client contact. Contact Amy M. Cowgill or Bob Schuman at 858-202-2313, robschuman@finsvcs.com.

HELP WANTED: Two part time employees 10 plus hours per week off season, 20 hours plus per week tax season. EAs with 5 years experience in taxes bookkeeping, and payroll required. Must know Quickbooks and payroll. AA degree is a plus. Call Ted Gronich at (619) 596-1975.

OFFICE SPACE FOR RENT - Tax Preparer has two offices for rent. Utilities included, underground parking, window, good location. \$575 per month for both. Call Terry Davis 858-277-1040. 4858 Mercury St. #201 San Diego, CA. 92111 at Clairemont Mesa Blvd, or email terrydavistax@sbcglobal.net.

OFFICE SPACE AVAILABLE in La Mesa Allied Plaza Bldg. Suitable for TP, CFP, CPA, or Attorney. Has Secty/Recp area if needed and 2nd office usage. Call Gail at 858-909-0210.

TAX PRACTICE WANTED TO BUY - Seeking tax practice to purchase. Contact Randy Dahlin at (619) 697-3000.

WANTED: TAX PRACTICE EA is interested in purchasing an existing tax practice in MID San Diego County. Call Bob Hummer, EA. or Steve Comer at 619-698-0202.

San Diego Chapter

OFFICERS

President

Val Daigle
(619) 435-3131
e-mail: val@westax.com

1ST V.P. – Education & Speakers

Jasmine Jones
(619) 297-4195
e-mail: jazzyrenee11@hotmail.com

2ND V. P. - Arrangements

Stephen Comer
(619) 698-0202
e-mail: scomer@tfs-lm.com

Secretary – Hall of Fame

Shirley Henry-Biszantz
(602) 224-9038
e-mail: shirley@kachinaranch.com

Treasurer - Finance

Richard Malzahn
(858) 792-5582
e-mail: ramalzahn@aol.com

BOARD OF DIRECTORS

Newsletter

Tony Applebaum
(619) 465-8466
e-mail: TonyApplebaum@aol.com

Running Start Seminar

Randy Dahlin
(619) 697-3000
e-mail: rwdahlin@aol.com

Finance

Lee Ermis
(858) 658-0633
e-mail: lermis@san.rr.com

Membership

Mike Hoffman
(858) 576-1122
e-mail: mhoffman@adnc.com

Sunshine

Herb Jackel
(619) 297-4195
e-mail: herbmhts@hotmail.com

Audit

Duane Lewis
(619) 698-9191
e-mail: duane@fhts.sdcoxmail.com

Web Site & Newsletter

Larry McClellan
(858) 278-1164
e-mail: larry@taxnewsandtips.com

Past President

Nadine Allevato
(858) 271-1199
e-mail: nadine@9747bpa.com

CHAPTER OFFICE

7827 Convoy Ct #403
San Diego, CA 92111-1218
858-278-1164 • Fax 858-278-9327



BREAKFAST MEETINGS

Join ISTC members for breakfast to discuss tax issues.
Members buy their own breakfasts.

San Diego — Second and Last Fridays each month at 8:00 a.m.,
Coco's Restaurant, El Cajon Blvd. at Oregon St. San Diego
Contact Val Daigle, email val@westax.com or at 619-435-3131.

El Cajon — Wednesdays, 8:00 a.m., Denny's Restaurant Fletcher Pkwy at Navajo Rd.
Contact Larry Mahaffy at (619) 669-1630

South Bay — Tuesdays, 8:00 a.m., Love's Restaurant, I-805 at E Street in
Chula Vista. Contact Shirley Horst at (619) 422-1403.

Fiduciary Tax Group — Second Thursday of each month, 7:30 am
Coco's Restaurant, 5550 Lake Murray Blvd, La Mesa.
Contact Jan Brown at (619) 464-1041.

Business Entities Group — First Thursday of each month, 7:30 am
Coco's Restaurant, 5550 Lake Murray Blvd, La Mesa.
Contact Jan Brown at (619) 464-1041.

CHANGE OF ADDRESS

If you move, please advise both the San Diego Chapter and the Society office of your new address, phone and e-mail address.

- San Diego Chapter: 7827 Convoy Ct #403, San Diego, CA 92111
Tel (858) 278-7954 • Fax (858) 278-9327
Web Site: www.istcsandiego.com.
- ISTC Society Office: 2140 W Chapman #103, Orange, CA 92868
Tel (714) 634-0484 • Fax (714) 634-4975
Web Site: www.istcsociety.org.

SAN DIEGO CHAPTER NEWSLETTER

Newsletter via Email

Supply Your Current E-Mail Address. You will receive an e-mail notice when the newsletter is posted to our web site and other important updated tax information. Send your e-mail address to larry@taxnewsandtips.com.

Advertising

Members: There is no charge to members who wish to advertise for positions available in their practice, equipment for sale, or similar subjects.

Non-Members: There is a \$15 charge for each advertisement in the newsletter. Limited to six lines. Subject to availability and the discretion of the editors. Send ads to Tony Applebaum, 619-465-8466, TonyApplebaum@aol.com

The deadline for articles and ads is the 25th the preceding month

The San Diego chapter newsletter is published monthly
in January, and May through December.

Advertising at San Diego Chapter Events: Requests to distribute flyers, brochures or promote a business at any San Diego chapter event must be approved by the Board of Directors prior to the day of the event.

BOARD OF DIRECTORS MEETING

The next meeting of the Board of Directors is Thursday, August 21, 2003, 3:30 p.m. at the Handlery Hotel in Mission Valley. All members are welcome to attend. If you would like to attend please contact the chapter office in advance.