



Inland Society of Tax Consultants

San Diego Chapter • September 2003

September 2003 Dinner Meeting

Date Thursday, September 18, 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

- Fresh Pacific Salmon with Basil Cuerre Sauce
- Spinach Salad
- Pecan Rice
- 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, September 16

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

Speaker

Gary Quackenbush
Attorney at Law

Before Dinner

“Tax Professional Legal Issues”

Legal issues such as professional liability, duties to clients,
collection of fees, authority to act, potential conflicts of
interest, and the decision to sue a client or not. This session
will cover common legal issues that can arise for Tax
Professionals.

After Dinner

“Practical Estate Planning”

This session will cover how to add value to your practice by
being able to explain the basics of Wills, Trusts, and POA's
to clients. Being able to explain basic estate planning to
your clients can make you a more valuable resource. Even
with so much information available, many people still do
not know if they need a Will or a Trust or POA's and decide
instead to do nothing at all. Good decision or bad?

CTEC 100-CE-1210 – 1 Hour Federal 1 Hour CA

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.

PRESIDENT'S MESSAGE

We are over half way through the 'off-season'. I hope you have been able to find time to relax, get some good quality continuing education and to start thinking about next tax season.

At the **August dinner meeting** we had an excellent topic (**E-Filing**) and two very good speakers from IRS and FTB to explain to us their programs.

There are some **new e-services coming soon from IRS** that will be beneficial to practitioners and to our clients as well. We will soon be able to get transcripts of accounts and payors online. And, our clients can pay their estimated tax payments in addition to tax due amounts electronically. Like anything else, there is paperwork to get an account and then you need to determine how you will implement these services in your practice. Overall, though it is good news.

FTB presented us with news regarding the **California Mandatory E-filing**. If you prepared more than 100 returns using tax preparation software you will be required to file ALL returns electronically with California. There is one major reasonable cause exception - if the taxpayer elects not to file electronically. The FTB representative advised us there will not be a check box on the form 540 to indicate the taxpayer does not want to e-file. However, according to FTB's web site FTB is planning to provide an "opt-out" form for tax professionals to record the reason the return is not e-filed. FTB says this form would be retained with a copy of your client's return in your files. Each of us will need to advise our clients of this Mandatory California E-filing and develop an office procedure our clients who do not elect to e-file.

Guy Ascuitto and Duane Lewis recently completed the **audit of our chapter books and records** for calendar year 2002. They found no discrepancies and noted that the work that Richard Malzahn is doing is nothing short of magnificent. On behalf of the Officers, Directors and Members of this chapter, I would like to extend to Richard, **Congratulations and Thank You**, for your diligence and dedication for a difficult, well done job.

On Wednesday and Thursday, September 17-18, the **Enrolled Agent examination** will be administered here in San Diego. We will have members there to offer encouragement and some munchies as well as to offer our organization for their professional development. We could use more member volunteers to come down and help. You don't have to spend all day, or even half a day, but we could use your help before and after the exam and during the breaks to talk about ISTC. If you can spare a few hours, please contact Mike Hoffman (858-576-1122), Tony Applebaum (619-465-8466) or myself (619-435-3131) and let us know of your willingness to help. We also have numerous chapter members who will be taking the test; come and give them encouragement.

Now that we have **our chapter's newsletter** being delivered via the Internet, we are not constrained to only four pages as with the paper edition. If you have an article you would like to share please send it to either Tony or Larry. It does not have to be an article you wrote, and if it is not, please obtain the permission of the author or publication before sending it in. Now is the time to practice some of your hidden writing skills and submit an article.

Remember our **upcoming educational events**. We have Fall Workshops beginning this month in San Diego. You can still sign up and get quality education on a range of topics. In November, Society has Estates and Trusts II (at the Handlery Hotel in San Diego) and in December, Tax Bridge in Fullerton. These two Society events qualify you to receive a \$100 (maximum) reimbursement from our Chapter.

Our **Running Start Seminar** will be held in January 2004. Early Bird specials are out now. Remember, we give a free Quickfinder members who meet these requirements: you must be a current member, you must attend a minimum of four dinner meetings and you must pay prior to December 1st and attend the 2004 San Diego Chapter Running Start. *Attendance at either East County or North County Running Start sites will not qualify San Diego Chapter members for the Free Quickfinder.*

I look forward to seeing you at our September 18th Dinner Meeting.

Val J. Daigle – *Chapter President*

CHAPTER AND SOCIETY NEWS

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 858-278-7954.

2003 DINNER MEETING SCHEDULE

October 16 – Calif. Update, Chapter's Birthday
November 20 – Fundamentals of Business Entities
December 12 (Friday) – Holiday Party

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 each member \$100 if they meet *all* of the following criteria:

- A. The member must attend *one* of the following:
 - San Diego Running Start held in Jan. 2004,
 - 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
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E-FILING PRESENTATION MATERIALS

At the August dinner meeting neither IRS nor FTB supplied handouts of their presentations regarding E-filing.

IRS has supplied an outline of the E-filing presentation that has been posted on the chapter's web site. It can be downloaded at www.istcsandiego.com/ from the dinner meeting page under the August Meeting information.

LOST YOUR ISTC NAME TAG?

If you have lost your ISTC nametag contact the ISTC society office at Tel (714) 634-0484.

2003- 2004 ISTC DUES

ISTC dues for July 1, 2003 to June 30, 2004 were 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.

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 current 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.

2003 RIA BOOKS

Order forms for 2003 RIA Federal and State Tax Guides are now available.

The guides are \$22.00 each for Federal and State or \$41.00 for the set.

Order forms will be available at the September Dinner Meeting.

EDUCATION EVENTS

ISTC FALL WORKSHOPS

There is still time to enroll in 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

All Six General Interest	\$185
Individual General Interest	\$ 35
Special Interest	\$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	\$165
Nov 1 – Dec 17, 2003	\$150	\$165
After Dec 17, 2003	\$165	\$195

If you sign up before December 1, 2003 you may be eligible for a free Quickfinder® Handbook. See details on page 2.

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.

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

EDUCATION EVENTS

ISTC TAX BRIDGE 2004

The ISTC Tax Bridge 2004 is scheduled for December 4 and 5, 2003 Thursday & Friday, at the Sheraton Four 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

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.

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

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.

Please note the South Bay Chapter in San Diego County will NOT be presenting a Fundamentals class this year.

TEMECULA WINE COUNTRY SEMINAR October 16, 17 and 18

The California Society of Accounting and Tax Professionals (CSATP) is sponsoring a three-day seminar in Temecula on October 16, 17 and 18.

The seminar offers 14 hours of continuing education for CTEC, CPA and EA. Topics will be S-Corporations, M-1 and M-2 issues, ethics and non-profits.

Cost includes opening reception with wine tasting and hors d'oeuvres, a bus tour of the Temecula Valley wineries with lunch at on of the valley's vineyards and an elegant Vinter's Dinner.

CSTAP is offering its members price of \$295 to ISTC members for the seminar. For more information contact Linda Dong at 1-800-894-8995 or

Linda@csatp.org.

CALIFORNIA NON-RESIDENT MILITARY

The California Society of Enrolled Agents

Presents **All California Seminar
Non-Resident Military and Income Splitting**
(between spouses; between states)

Speaker:

Lloyd Lagerstrom, California Franchise Tax Board

Thursday, October 16, 2003 12:30 PM. – 4:30 PM

Handlery Hotel, 950 Hotel Circle North, San Diego, CA

You will receive the 146 page FTB manual used to train VITA preparers on military bases

Cost: \$75.00 by October 3, 2003
\$80.00 after October 4, 2003
\$85.00 at the door.

All cancellations subject to a \$25.00 charge prior to October 10, 2003.

No refunds after October 10, 2003

CTEC California Credit 4 hours #1001-CE-1745.

For information: Contact Elaine Smith (619) 562-7671
email: eztaxes@sbcglobal.net.

Registration Form:

Name: _____

Address: _____

City: _____ St. _____ Zip _____

Phone: _____

Email: _____

EA# _____ CPA# _____

CTEC# _____ Other _____

Make check payable to **SD/CSEA**

Mail Registration Form and check to:
Elaine Smith
8790 Cuyamaca St. Suite. C
Santee, CA 92071

TAX NEWS

California “Mandatory” E-Filing

Take a look at FTB’s web page for current information regarding the new “mandatory” e-filing law - www.ftb.ca.gov/professionals/eservices/efile/M_e_file.html

FTB reports the law takes effect on January 1, 2004. However, as currently written the law is not affective until 2005. FTB assumes corrective legislation will be enacted.

A FTB letter was mailed to tax practitioners or businesses that prepared more than 100 current year individual income tax returns in process year 2003. The letter advises them they are required to E-file as of 1/1/04.

FTB states if you or your business did file more than 100 current year state individual income tax returns and you did not receive a letter, you are still required to e-file your client’s returns next year.

A copy of the letter (FTB 1374 (MEO)) can downloaded from FTB at the above web page.

Need IRS Filing Address?

If you cannot locate the IRS filing address for a tax return take a look at www.irs.gov/file/index.html.

IRS Focusing On S-Corporation Officers Not Taking Salaries

The IRS is focusing on S-Corporation officers who are not taking any salary as payment for performing services.

Code sections 3121(d)(1), 3306(i), and 3401(c) specifically define officers of corporations as employees for FICA (Social Security and Medicare), FUTA (Unemployment), and federal income tax withholding purposes. Therefore payments made to officers in exchange for services are subject to FICA and FUTA as well as income tax withholding.

Several court opinions have been issued during recent years affirming this position. For more details review the rulings in:

Veterinary Surgical Consultants, PC v. Commissioner, 117 T.C. 141 (2001) (Veterinary Surgical I), aff’d consol Yeagle Drywall Co. v. Commissioner, 54 Fed. Appx. 100 (3rd Cir. 2002), 2003-1 U.S.T.C. ¶ 50141 (3rd Cir. 2002), 90 AFTR 7744 (3rd Cir. 2002), cert. denied, 1235 S. Ct. 2621 (2003) Mike J. Graham Trucking, Inc. v. Commissioner, T.C. Memo 2003-49.

The opinions are available at the US Tax court website at www.ustaxcourt.gov.

IRS Charging For Offers In Compromise

As of November 1, 2003 IRS will charge a \$150 application fee for the processing of offers in compromise.

More information is available on the IRS web site at www.irs.gov or by calling IRS at 1-800-829-1040.

IR-2003-99, August 15, 2003

“E-Services” – Coming Soon

E-services are a suite of Web-based products that will allow tax professionals to do business with the IRS electronically.

E-services are currently in testing, and are expected to launch in 2003. Participants must first register to use e-services, and then apply for the incentive products.

The IRS offers the e-services Disclosure Authorization, Electronic Account Resolution and Transcript Delivery System to Authorized IRS *e-file* Providers. E-services will give IRS *e-file* Providers easier access to the IRS and the ability to receive information electronically, cutting down response times.

More information can be obtained at www.irs.gov/efile/article/0,,id=106801,00.html.

CLASSIFIED ADS

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.

TAX PRACTICE - EA is interested in purchasing existing tax or tax/bookkeeping practice in Coronado, Imperial Beach or South Bay area. Contact Val Daigle at (619) 435-3131 or val@westax.com.

OFFICE SPACE AVAILABLE IN EAST COUNTY CPA office, for rent or partnership type arrangement. For full details call 619-449-7228 or go to web site at www.DixonEnt.com/Office.html.

OFFICE SPACE SOUGHT Seeking inexpensive, year around office or desk space in San Diego, Clairemont or Mission Valley. Call Renee at 619-516-0400. Please leave message or send me an email to tax@calcoastal.net.

San Diego Chapter

OFFICERS

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

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e-mail: jazzyrenee11@hotmail.com

2ND V. P. - Arrangements

Stephen Comer
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e-mail: scomer@tfs-lm.com

Secretary – Hall of Fame

Shirley Henry-Biszantz
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e-mail: shirley@kachinaranch.com

Treasurer - Finance

Richard Malzahn
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CHAPTER OFFICE

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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, September 18, 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.