



California Society of Tax Consultants

San Diego Chapter

7827 Convoy Court #403 • San Diego, CA 92111-1218

Formerly — *Inland Society Tax Consultants*

California Society of Tax Consultants
San Diego Chapter Newsletter • October 2004

October, 2004 Dinner Meeting

Date Thursday, October 21, 2004

Where Handlery Hotel & Resort, Presidio Room
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 \$25 - Members With Reservations
\$30 - All Others

Menu

- Salad
- Petite Filet of Beef with Bleu Cheese Crust, Port Wine Sauce and Duchess Potatoes
- Vegetable Medley
- Dessert
- Vegetarian Meal Is Available

Requests must be made with the reservation

RESERVATIONS

Deadline is Noon, Wednesday, October 20th

Call **1-800-994-4782** or online at
www.cstcsandiego.org.

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

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 at no charge per calendar year.

**SAN DIEGO CHAPTER'S
29TH ANNIVERSARY
CELEBRATION**

EDUCATIONAL PRESENTATION

Before & After Dinner

CALIFORNIA UPDATE

Speaker

Lynn Freer, Spidell Publishing

CTEC 1000-CE-1397)
2 hours State credit

This presentation has been designed to meet the requirements of the Director of Practice of the Internal Revenue Service, the California State Board of Accountancy, the International Board of Standards and Practices for Certified Financial Planners, Inc. The California Tax Education Council has recognized the California Society of Tax Consultants as an approved curriculum provider. Successful completion of this course may be reported to fulfill the (continuing education/qualifying education) requirement of the California Business & Professions, Code Sections 22250-22259. This does not constitute an endorsement by the California 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.

2004 DINNER MEETING SCHEDULE

November 18 – Wayne Ochiss

December 10 - (Friday) **Holiday Party**

PRESIDENT'S MESSAGE

At our **September dinner meeting** the IRS gave us some insight into Abusive Tax Schemes and how to help our clients avoid them, and the San Diego County Assessor's office on Business Property Taxes.

The **IRS Forum** held in Las Vegas last month was tremendous with over 6,000 attendees and over 60 vendors. It provided us with up-to-date information from, and about, the IRS. If you missed it, I recommend your attending it next year. CSTC had a vendor booth for the first time and the response was overwhelming. The 'new' name was a significant reason that our Society signed up 12 new members! That's success!

We had an information table at the September **SEE (EA Exam)** site and treats were also provided for the exam takers. Our Membership Chair, Nadine Allevato, brought two magnificent gift baskets, which were presented as door prizes to two lucky winners. We received many inquiries from non-members who responded well to our new name and to the invitations to attend our October or November Dinner Meeting.

We are celebrating our chapter's **29th Anniversary** this month! Sharing this special time with us will be Lynn Freer of Spidell Publishing. Bring your tax problems and questions for Lynn, but also remember to have a good time!

Elections are coming up at both the Society and Chapter levels. Ballots will be mailed out at the end of October. If you have not received yours by that time, call either the Society or Chapter Office to request the ballot(s) you need. There will be no Society ballot-box-voting at the Tax Bridge, so be sure to mail your ballot to the Society Office.

Our **Fall Workshops** are now underway. You can still sign up for some of them. These will help you develop more tax skills or refresh old ones. Look to our website for more information.

Speaking of Fall Workshops, planning for the 2005 workshops begin this month. Greta Ward, our Education Chair, needs input from our members about workshop topics, suggestions for speakers and whether you can join the committee and help her plan this annual event. Please contact Greta, or any board member, to let us know what you want in the way of education.

Val J. Daigle – *Chapter President*

SOCIETY NOTES

Tax Bridge to 2005 will be offered at two locations this year. This two-day education event will be held Nov 30- Dec 1 in Pleasanton (northern CA) and Dec 1-2 in Brea (southern CA). Early-bird sign ups are good through October 15. Our October dinner meeting is Thursday, Oct. 21, so if you want a registration form before that, please call the Society Office at (714) 634-0484.

The *Society Annual Meeting* has been changed. It will be held at the Foothill Chapter's Annual Meeting on Wednesday, December 8, 2004, at the Courtyard Hotels (Interstate 10 & Puente Ave.) and **NOT** in conjunction with the *Tax Bridge to 2005*. ALL CSTC members are invited to attend. More information will follow.

The 2005 *Summer Symposium* will be at Harrahs Hotel in Laughlin, NV, Monday through Wednesday, May 23-25, 2005. The 'Early Bird' price for the three-day seminar is \$285 if paid by/at *Tax Bridge*. The price increases to \$300 until March 15, 2005, and to \$350 until April 20th. Register early and save. The hotel room charges are only \$25/night, Sunday through Thursday, and \$60 for Friday and Saturday before the Symposium (all plus 9% room tax). Mark your calendars now!

Historically, some of the largest Symposium attendance records have been at Laughlin before Las Vegas and Reno became our host cities. Laughlin in May boasts warm, manageable weather and the Colorado River affords many water sport opportunities. Make your hotel reservations early.

Editor's note: Would you like this column to be a regular feature in the newsletter? Please forward your comments or suggestions to Naomi Badger, editor, at badgern@sbcglobal.net AND reference the Subject Line as CSTC. Thank you, in advance!

SPONSORED GUESTS

San Diego Chapter members may bring a guest who qualifies as a prospective member of the Chapter. Qualifications may include CPAs, EAs, CRTPs, CFPs, Attorneys, etc. (i.e.: must be in the tax field).

Chapter members must specify, when making Dinner Meeting reservations, that the guest is qualified. The guest will be asked to fill out an information card, which will be available upon check-in.

This guest may qualify for the **ONE-TIME FREE** dinner meeting.

This recruiting incentive will help prospective members to become familiar with our organization.

HOLIDAY PARTY CHARITY

The holiday season will be upon us very soon. All members are invited to make a suggestion for the Holiday Party Charity Recipient. As in the past, we are looking for a local organization that would appreciate receiving our funds and items.

Please send your written suggestion to me via fax, mail or e-mail.

FAX: 602-224-9162

ADDRESS: Shirley Henry-Biszantz,
2701 E. Thomas Road #E, Phoenix, AZ 85016

E-MAIL: Shirley@kachinaranch.com

The suggestions will be discussed at the Chapter Board meeting in September, so please get your suggestions in to me quickly.

Shirley Henry-Biszantz – Holiday Comm. Chair

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 2004, **and**
- Registers and prepays prior to December 1, 2004 for the San Diego Running Start Seminar to be held in January 2005.

They are simple to get ... so don't be left out!

EDUCATIONAL INCENTIVES

Name Badge Drawings for \$25 Education Certificates at each Dinner Meeting

At each San Diego chapter dinner meeting in 2004 two drawings will be held for \$25 certificates that will be good toward any San Diego Chapter education event. Getting into the drawing is simple. Just be sure to wear your name badge and you are entered!

\$100 Education Reimbursement

For 2004 the San Diego Chapter will reimburse each member \$100 if they meet *all* of the following criteria in 2004:

- 1) The member must attend one of the following:
 - San Diego Chapter's Running Start Seminar held in January 2005,
 - All General Interest Fall Workshop Classes (**see page 6**), or
 - Two (2) of the Special Interest Fall Workshop Classes

AND

- 2) The member must attend at least four (4) San Diego Chapter Dinner meetings between May and November 2004; AND

The member must attend one of the following:

- Society Summer Symposium – May 2004
- Society Fall Classroom Series
- Society Winter Tax Bridge

If you meet all of the criteria, contact the Chapter Office for an Education Rebate Form. Submit the form by December 10, 2004 to receive your rebate.

VISA AND MASTERCARDS ACCEPTED

The San Diego Chapter is now accepting Visa and MasterCard credit cards in payment for San Diego Chapter services and events.

For more information, contact Duane Lewis, San Diego Chapter Treasurer, at 619-698-9191.

CSTC FALL WORKSHOPS

GENERAL INTEREST CLASSES

Each class is 3 hours

- **SCHEDULE "C" REVIEW AND UPDATE**
- **FIDUCIARY TAX –BASIC/ INTERMEDIATE**
 - **MORTGAGE INTEREST IS IT DEDUCTIBLE?**
 - **ALTERNATIVE MINIMUM TAX**
- **COLLECTIONS - HELP YOUR CLIENTS**
 - **MANAGING YOUR PRACTICE**

SPECIAL INTEREST CLASSES

Each class is 6 Hours

TAX TOOLS MAKING THE MOST OF IT

CA. TAXES WHAT'S GOING ON?

SALE OF A BUSINESS - 4797

Classes started September 22 and continue through October.

Registration forms are available at the San Diego Chapter's website at www.cstcsandiego.org/is-ed04fw.htm, the October Dinner Meeting and from the Chapter Office

CSTC RUNNING START SEMINAR

Early Bird Price for the January 2005 *Running Start* Seminar is available through October 30th. Pickup a registration form at the October dinner meeting or call Rose Carter at 619-698-0508.

ANNUAL IRS/FTB E-FILE WORKSHOP

The IRS/FTB e-file Workshop, held in the Los Angeles area, has had an "add-on" Workshop scheduled for San Diego. Registrations on-line at www.ftb.ca.gov/emailapps/efile_wkshop.asp.

Date: Thursday, October 21, 2004
Time: 9:00am – 3:00pm
Location: Scottish Rite Masonic Center
Address: 1895 Camino Del Rio South,
San Diego (in Mission Valley)
Parking: FREE

'ALL CALIFORNIA' SEMINAR

California Part Year Resident and Non Resident Tax Returns

Presented by the California Society of Enrolled Agents

Thursday, October 21, 2004, 12:30 PM- 4:30 PM

4 California CTEC hours

Handlery Hotel, 950 Hotel Circle North
San Diego, CA

Cost: \$75.00 until 5 PM October 15, 2003
\$80.00 after October 15, 2003
\$85.00 at the door.

All cancellations prior to October 15, 2003 are subject to a \$25.00 charge. No refunds after October 10, 2003.

Charlotte Carroll and Joyce Davis of the Franchise Tax Board will speak about the tax gap and current resident/non resident tax issues.

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

Registration forms available from: Elaine Smith, the CSTC website and the CSTC San Diego Chapter office.

30TH ANNUAL PRACTICAL TAX SEMINAR

Thursday, November 4, 2004

8 Hours of CPE

Al Bahr Temple, 5440 Kearny Mesa Rd.,
San Diego, CA 92111 (858) 292-0092

8:00 AM - Federal Tax Update,
Bonnie DeSimone, EA

11:40AM - Luncheon – Catered lunch included

12:40PM - California Update,
Vicki L. Mulak, EA, CFP

3:50 PM - Wrap up

Seminar Presented by the San Diego Chapter
California Society of Enrolled Agents

For more information contact:

Lynne Fletcher, EA, (619) 297-6167
email: thefletchers@cox.net

Susan Donald, EA, (858) 565-6792
email: sadonald@sbcglobal.net

Paula Armstrong, EA, (858) 467-0547
email: paulatax@san.rr.com

Registration forms are also available at the CSTC's website and from CSTC San Diego Chapter office.

FYI

1) The House and Senate have passed the *Working Families Tax Relief Act of 2004*. Among other provisions, it will:

- Extend the \$1K Child Tax Credit through 2010
- Extend the standard deduction increase for married taxpayers through 2010
- Continue the inflation adjustment for the 10% tax bracket through 2010
- Accelerate to 2005 the increase in the refundability of the Child Tax Credit to 15% of earned income
- Extend AMT exemption amounts through 2005
- Expand definition of earned income to include combat pay for the child tax credit and EITC (the EITC provision is only for two years)
- Provide a single definition for “qualifying child from the current five definitions
- Extend the Work Opportunity and Welfare-to-Work Tax Credits through 2005
- Extend the \$250 deduction for certain expenses of schoolteachers for 2004 and 2005
- Extend provision to allow combined reporting of state and federal combined employment tax reporting through 2005
- Extend present law allowing all nonrefundable personal credits against AMT

The President is expected to sign the bill on October 4, 2004. More information can be found at <http://finance.senate.gov> then click on legislation.

2) BOARD OF EQUALIZATION DENIES “EXEMPT-INTEREST DIVIDEND” APPEAL

...Taxation of interest from government obligations to be tested?

The BOE denied a claim for refund to exclude interest from federal obligations and California bonds that came through a mutual fund (Appeal of Marvin and Joan Klotz [Sept. 23, 3004] Case No. 235904). The taxpayers argue that the FTB’s application of R&TC § 17145, which states that mutual fund dividends are fully taxable if the fund invests less than 50% of its assets in state tax exempt obligations, violates federal law, the state constitution, and a California Appellate Court case (Sandra Brown et al v. Franchise Tax Board [1987] 197 Cal.App.3d 300). The Board stated the taxpayer “had failed to satisfy his burden of proving entitlement to the claimed [\$6] refund.”

The taxpayers are now exploring the possibility of filing a class action lawsuit. In the early 1980’s, Sandra Brown won a class action suit challenging the state’s authority to tax dividends from certain mutual funds because they were nontaxable obligations of the federal government. After winning the suit, the FTB was forced to send 40,000 refunds, but then sponsored legislation to amend R&TC 17145 to include the 50% asset test.

3) TAX COURT NEWS

Although taxpayers and even state courts may designate particular payments as alimony in divorce decrees, the Tax Court has made it clear that such payments are not alimony if they do not meet the Code’s criteria for alimony. As a result, taxpayers cannot blithely assume that their intent regarding alimony payments will be honored.

Tax Court recently held in *Okerson v. Commissioner* (123 T.C. No. 14) that a taxpayer could not take an alimony deduction for payments characterized by a divorce decree as deductible alimony where those payments were to continue after the recipient’s death, despite the fact that a state court ordered that the payments were deductible alimony.

CALIF. TAX AMNESTY PROGRAM

Recent legislation authorizes the Franchise Tax Board and the Board of Equalization to administer a Tax Amnesty Program in early 2005. The following provides some preliminary information about the program, who is eligible to participate, and when to apply.

What is tax amnesty?

Tax amnesty is a limited-time chance for individuals and businesses to pay past-due income, franchise, sales or use taxes and the related interest penalty-free and without the fear of criminal prosecution. It runs from February 1, 2005 through March 31, 2005. Taxpayers eligible to participate in amnesty but choose not to do so will be subject to additional penalties.

Who is eligible?

Amnesty is open to both individuals and businesses for taxable years 2002 and prior, if they did any of the following:

- Did not file required California tax returns
- Underreported income on a previously filed tax return
- Claimed excessive deductions
- Did not pay income, franchise, sales or use taxes on time

The following are not eligible for amnesty:

- Taxpayers currently under criminal investigation or prosecution on tax-related matters
- Abusive tax shelter transactions that were eligible for relief under California's Voluntary Compliance Initiative or the 2003 IRS Offshore Voluntary Compliance Initiative – These initiatives applied to taxpayers with nonreported or underreported tax liability amounts attributable to an investment in an abusive tax shelter. Note: These taxpayers are eligible for amnesty for non-abusive tax shelter items

How and when do I apply?

Complete and return a signed amnesty application by March 31, 2005. Amnesty runs from February 1, 2005 through March 31, 2005 (since March 31 is a state holiday, we will accept applications postmarked April 1, 2005).

- File all missing income tax returns for amnesty years by May 31, 2005
- File amended income tax returns for taxable years where you underreported your income tax for amnesty years by May 31, 2005
- Pay all outstanding tax liabilities and interest by May 31, 2005 or set up an installment agreement that will be fully paid by June 30, 2006

Where do I get forms?

The amnesty application will be available on FTB Website by January 15, 2005. Tax forms for years 1994-2002 are currently available on the FTB Website under Forms & Publications.

CLASSIFIEDS

Editor's Note: Please use "CSTC Ad" as the subject when you e-mail your ads to me. This will alert me that it is legitimate e-mail (not SPAM). Thank You!

Ads are also posted on the Chapter's website as they are received.

WANTED: EA seeking tax and/or bookkeeping practice to purchase. Contact Tony Applebaum or Christy Almond at 619-237-7290.

WANTED: EA wants to increase client base and expand practice geographically – offices in Coronado and UTC area. If you are thinking of selling or retiring, please contact Val Daigle at 619-435-3131 or at val@westax.com

FOR SALE: Lanier 6540 Analog Copier (40 copies per minute) with Automatic Document Feeder, High Capacity Paper Bin (750 pages), Two Additional Paper Drawers, 20-bin Sorter. Well maintained and Lanier inspection and refurbishment of parts was completed recently. Reasonable offers accepted. Call Val Daigle at 619-435-3131.

WANTED: Accountants to prepare Mandate Reimbursement Claims. Must be proficient in EXCEL and WORD. Good communication skills are a must. Full-time (40 hrs/wk), temporary positions (through January 2005) are available. Please call Diane at 858-514-8605.

WANTED: Tax preparer needed for tax season 2004. There is potential for future year-round employment. Fax resume to (619) 237-7290, Attn: Christy Almond.

OFFICE SPACE FOR RENT for tax season. We have interview and workrooms, computers, Pro-Series software, and copier, fax and support services. No long-term leases or rental agreements, no need to invest in furniture, hardware or software. Professional office building. Call Pat at 858-514-8706 for more information.

NOTE: All Ads Will Be Removed From The November Newsletter Unless I Am Notified In Writing By November 1, 2004 ... The Editor.

SAN DIEGO CHAPTER NEWSLETTER

Newsletter via Email

Supply your e-mail address to save the chapter the cost of printing and postage. 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. Ads are limited to six lines and are subject to available space and the discretion of the editors.

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 and/or to promote a business at any San Diego chapter event must be approved by the Board of Directors prior to the day of the event. *(You may also fax the information to me at 619-698-9735.)*

Deadlines

The deadline for articles and ads is the 25th of the preceding month. If an ad is to be run more than one month, please advise the editor via email at badgern@sbcglobal.net or phone 619-698-0508.

CSTC - San Diego Chapter

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CHAPTER OFFICE

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BREAKFAST MEETINGS

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

San Diego – Second and Last Fridays each month at 7:30 a.m., at Coco's Restaurant, El Cajon Blvd. at Oregon St. Contact Val Daigle at 619-435-131 or email val@westax.com.

El Cajon — Wednesdays, 7:30 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 at Lake Murray & Baltimore, La Mesa. Contact Jan Brown at (619) 464-1041.

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

BOARD OF DIRECTORS MEETING

The next meeting of the Board of Directors is Thursday, October 21, 2004, **3:30** p.m. at the Handlery Hotel in Mission Valley.

NEW CHAPTER WEBSITE

The San Diego Chapter's website is now at located at www.cstcsandiego.org.

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.

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